



[These financial statements have not been audited]

## FINANCIAL STATEMENTS

30 JUNE 2013

# LANGEBERG MUNICIPALITY

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## **LANGEBERG MUNICIPALITY**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

#### **GENERAL INFORMATION**

##### **NATURE OF BUSINESS**

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

##### **COUNTRY OF ORIGIN AND LEGAL FORM**

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

##### **JURISDICTION**

The Langeberg Municipality includes the following towns and surrounding rural areas:

*Ashton  
Bonnievale  
McGregor  
Montagu  
Robertson*

##### **MUNICIPAL MANAGER**

*SA Mokweni*

##### **CHIEF FINANCIAL OFFICER**

*CF Hoffman*

##### **REGISTERED OFFICE**

*Langeberg Municipality; 28 Main Road; Ashton; 6715*

##### **AUDITORS**

*Office of the Auditor General (WC)*

##### **PRINCIPAL BANKERS**

*ABSA; PO Box 4453; Tygervalley; 7536*

##### **RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
SALGBC Collective Agreements  
SALGBC Leave Regulations

## LANGEBERG MUNICIPALITY

### MEMBERS OF THE LANGEORG MUNICIPALITY

#### COUNCILLORS

|                  |                             |      |              |
|------------------|-----------------------------|------|--------------|
| Gagiano, D       | Executive Mayor             | DA   | Proportional |
| Hull, D A        | Speaker                     | DA   | Ward         |
| Klaas, K L       | Deputy Mayor                | COPE | Proportional |
| Van Eeden, SW    | Member of Mayoral Committee | DA   | Ward         |
| Scheffers, EMJ   | Member of Mayoral Committee | DA   | Ward         |
| Kortje, R R      | Member of Mayoral Committee | DA   | Ward         |
| Crouwcamp, NP    | Member of Mayoral Committee | CI   | Proportional |
| Burger, J D      | Ordinary Councillor         | DA   | Ward         |
| De Koker, T S    | Ordinary Councillor         | DA   | Ward         |
| Janse, D B       | Ordinary Councillor         | DA   | Ward         |
| Kriel, J         | Ordinary Councillor         | DA   | Ward         |
| Mafilika, S P    | Ordinary Councillor         | ANC  | Ward         |
| Turner, E        | Ordinary Councillor         | DA   | Ward         |
| Van Zyl, J D F   | Ordinary Councillor         | DA   | Ward         |
| Zwedala, E M     | Ordinary Councillor         | ANC  | Ward         |
| Grootboom, C J   | Ordinary Councillor         | PDM  | Proportional |
| Johnson, R       | Ordinary Councillor         | ANC  | Proportional |
| Mgoqi, N J       | Ordinary Councillor         | ANC  | Proportional |
| Mhlambeni, A N   | Ordinary Councillor         | ANC  | Proportional |
| Nyamana, W S     | Ordinary Councillor         | ANC  | Proportional |
| Vacant           | Ordinary Councillor         |      | Proportional |
| Swanepoel, J R O | Ordinary Councillor         | WCC  | Proportional |
| Vollenhoven, E J | Ordinary Councillor         | ANC  | Proportional |

#### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 73 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



SA Mokweni  
Municipal Manager

2013/08/30  
Date

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the financial position of LANGEBERG MUNICIPALITY for the fiscal year 2012/2013

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Langeberg Municipality implemented two new accounting standards in 2012/2013, namely GRAP 24 on Budget Information and GRAP 103 on Heritage Assets.

**2. KEY FINANCIAL INDICATORS**

The economic downturn and the Eskom price increases continue to put strain on good financial management.

**Financial Statement Ratios:**

| INDICATOR   | 30 June 2013 | 30 June 2012 |
|---|--------------|--------------|
| Surplus / (Deficit) for the year before Appropriations    | 33 504 703   | 3 324 648    |
| Accumulated Surplus / (Deficit) at the end of the Year    | 432 356 587  | 396 567 706  |
| Expenditure Categories as a percentage of Total Expenses: |              |              |
| Employee related costs                                    | 29.40%       | 28.60%       |
| Remuneration of Councillors                               | 1.76%        | 1.69%        |
| Debt Impairment   | 2.12%        | 1.19%        |
| Depreciation and Amortisation                             | 4.16%        | 4.62%        |
| Collection costs  | 0.30%        | 0.25%        |
| Impairments   | 0.00%        | 0.99%        |
| Repairs and Maintenance                                   | 3.00%        | 3.10%        |
| Actuarial losses  | 0.09%        | 0.82%        |
| Unamortised Discount - Interest paid                      | 0.02%        | 0.03%        |
| Finance Charges   | 1.76%        | 1.90%        |
| Bulk Purchases  | 43.79%       | 42.16%       |
| Contracted services                                       | 0.24%        | 0.29%        |
| Grants and Subsidies                                      | 0.00%        | 0.02%        |
| Stock Adjustments   | 0.00%        | 0.05%        |
| Operating Grant Expenditure                               | 2.78%        | 4.88%        |
| General Expenses  | 10.44%       | 9.39%        |
| Loss on disposal of Property, Plant and Equipment         | 0.14%        | 0.01%        |

It should be noted that bulk purchases for water and electricity is 44% of the total expenditure for 2012/2013.

**3. OPERATING RESULTS**

The overall operating results for the year ended 30 June 2013 are as follows:

| DETAILS   | Actual<br>2012/2013<br>R | Actual<br>2011/2012<br>R | Percentage<br>Variance<br>% | Budgeted<br>2012/2013<br>R | Variance actual/<br>budgeted<br>% |
|---|--------------------------|--------------------------|-----------------------------|----------------------------|-----------------------------------|
| Opening surplus / (deficit)                                       | 396 567 706              | 392 716 566              | 0.98%                       | -                          | -                                 |
| Operating income for the year (incl. gains in disposal of assets) | 436 596 421              | 383 486 716              | 13.85%                      | 457 639 109                | -4.60%                            |
| Appropriations for the year                                       | 2 284 178                | 526 492                  | 0.00%                       | -                          | -                                 |
|   | 835 448 305              | 776 729 774              | 7.56%                       | 457 639 109                | 82.56%                            |
| <b>Expenditure:</b>   |                          |                          |                             |                            |                                   |
| Operating expenditure for the year                                | 403 091 717              | 380 162 067              | 6.03%                       | 433 524 035                | -7.02%                            |
| Closing surplus / (deficit)                                       | 432 356 587              | 396 567 706              |                             |                            |                                   |
|   | 835 448 305              | 776 729 774              | 7.56%                       | 433 524 035                | 92.71%                            |
|   |                          |                          |                             |                            |                                   |

#### 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 52 169 196 , and in percentage terms amounts to 87% of budget. Full details of Property, Plant and Equipment are disclosed in note number 45.3 to the Annual Financial Statements.

The capital expenditure of R 52 169 196 (2012/13) was financed as follows:

| DETAILS                     | Actual<br>2012/2013<br>R | Budgeted<br>2012/2013<br>R | Percentage<br>Variance<br>% | Source of<br>funding as %<br>of total Cap exp |
|-----------------------------|--------------------------|----------------------------|-----------------------------|---|
| Capital Replacement Reserve | 28 099 257               | 35 829 048                 | -28%                        | 53.86%  |
| External Loans              |                          |                            |                             |   |
| Grants and Subsidies        | 24 069 939               | 22 958 820                 | 5%                          | 46.14%  |
| Leased Assets               |                          |                            |                             |   |
|                             | 52 169 196               | 58 787 868                 |                             | 100.00%                                       |

#### 5. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June was :

| 2013<br>R         | 2012<br>R         |
|-------------------|-------------------|
| <b>37 290 700</b> | <b>38 495 587</b> |

No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.

|   |   |
|---|---|
| - | - |
|---|---|

Refer to Note number 3 and Appendix "A" for more detail.

#### 6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:

|  | 49 351 025        | 45 890 807        |
|--|-------------------|-------------------|
| Provision for Post Retirement Benefits         | 39 158 817        | 36 939 296        |
| Provision for Ex-Gratia Pension Benefits       | -                 | -                 |
| Provision for Long Service Awards              | 5 767 847         | 5 096 187         |
| Provision for Rehabilitation of Landfill-sites | 4 424 361         | 3 855 324         |
| Provision for Clearing of Alien Vegetation     | -                 | -                 |
|  | <b>49 351 025</b> | <b>45 890 807</b> |

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

#### 7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

|  |                  |                   |                   |
|--|------------------|-------------------|-------------------|
| Consumer Deposits                                  | Note number 6    | 6 570 594         | 6 079 482         |
| Current Employee benefits                          | Note number 7    | 12 062 638        | 11 605 420        |
| Provisions   | Note number 8    | 1 360 279         | 2 555 348         |
| Payables from exchange transactions                | Note number 9    | 40 829 847        | 34 080 545        |
| Unspent Conditional Government Grants and Receipts | Note number 10   | 9 661 673         | 6 989 484         |
| Unspent Public Contributions                       | Note number 11   | 387 849           | 62 849            |
| Taxes  | Note number 12.1 | -                 | 842 932           |
| Current Portion of Long-term Liabilities           | Note number 3    | 4 242 681         | 3 481 454         |
|  |                  | <b>75 115 562</b> | <b>65 697 515</b> |

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

#### 8. INTANGIBLE ASSETS

The net value of Intangible Assets is:

|                |                |
|----------------|----------------|
| <b>303 858</b> | <b>516 048</b> |
|----------------|----------------|

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

#### 9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:

|                    |                    |
|--------------------|--------------------|
| <b>465 814 358</b> | <b>426 739 223</b> |
|--------------------|--------------------|

Refer to Note number 13 for more detail.

#### 10. INVESTMENTS

The municipality held Investments to the value of :

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Call Investment Accounts | 60 000 000        | 70 000 000        |
| Listed Investment        | 12 420            | 9 653             |
| Unlisted Investments     | 78 197            | 41 896            |
|                          | <b>60 090 617</b> | <b>70 051 549</b> |

Refer to Note number 25 for more detail.

#### 11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

|                  |                  |
|------------------|------------------|
| <b>3 451 815</b> | <b>2 371 861</b> |
|------------------|------------------|

#### 12. CURRENT ASSETS

Current Assets are made up as follows:

|   |                |                    |                    |
|---|----------------|--------------------|--------------------|
| Inventory   | Note number 21 | 21 679 328         | 13 344 079         |
| Receivables from exchange transactions            | Note number 22 | 31 309 093         | 34 534 238         |
| Receivables from non-exchange transactions        | Note number 23 | 3 629 819          | 3 962 306          |
| Unpaid Conditional Government Grants and Receipts | Note number 10 | 250 000            | 0                  |
| Operating Lease Asset                             | Note number 24 | 127 530            | 70 021             |
| Taxes   | Note number 12 | 539 810            | -                  |
| Current Portion of Long-term Receivables          | Note number 19 | 1 496 547          | 2 167 412          |
| Cash and Cash Equivalents                         | Note number 24 | 71 282 129         | 73 915 183         |
|   |                | <b>130 314 255</b> | <b>127 993 238</b> |

Refer to the indicated Note numbers for more detail.

#### 13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Notes number 10 as well as Appendix D for more detail.

#### 14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 51.

#### 15. DISCLOSURE ISSUES

Please refer to note number 46 to 55.

#### 16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.



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**Mr C F Hoffman**  
**CHIEF FINANCIAL OFFICER**  
30 August 2013

**LANGEBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

|  | Notes | 2013<br>R          | 2012<br>R          |
|--|-------|--------------------|--------------------|
| <b>NET ASSETS AND LIABILITIES</b>                  |       |                    |                    |
| <b>Net Assets</b>                                  |       | <b>475 072 409</b> | <b>441 567 706</b> |
| Capital Replacement Reserve                        | 2     | 42 715 822         | 45 000 000         |
| Accumulated Surplus                                |       | 432 356 587        | 396 567 706        |
| <b>Non-Current Liabilities</b>                     |       | <b>81 554 983</b>  | <b>80 024 559</b>  |
| Long-term Liabilities                              | 3     | 32 203 958         | 34 133 753         |
| Employee benefits                                  | 4     | 44 926 664         | 42 035 483         |
| Non-Current Provisions                             | 5     | 4 424 361          | 3 855 324          |
| <b>Current Liabilities</b>                         |       | <b>75 115 562</b>  | <b>65 697 515</b>  |
| Consumer Deposits                                  | 6     | 6 570 594          | 6 079 482          |
| Current Employee benefits                          | 7     | 12 062 638         | 11 605 420         |
| Provisions   | 8     | 1 360 279          | 2 555 348          |
| Payables from exchange transactions                | 9     | 40 829 847         | 34 080 545         |
| Unspent Conditional Government Grants and Receipts | 10    | 9 661 673          | 6 989 484          |
| Unspent Public Contributions                       | 11    | 387 849            | 62 849             |
| Taxes  | 12.3  | -                  | 842 932            |
| Current Portion of Long-term Liabilities           | 3     | 4 242 681          | 3 481 454          |
| <b>Total Net Assets and Liabilities</b>            |       | <b>631 742 954</b> | <b>587 289 781</b> |
| <b>ASSETS</b>                                      |       |                    |                    |
| <b>Non-Current Assets</b>                          |       | <b>497 968 490</b> | <b>457 832 202</b> |
| Property, Plant and Equipment                      | 13    | 465 814 358        | 426 739 223        |
| Investment Property                                | 14    | 26 951 138         | 27 014 467         |
| Intangible Assets                                  | 15    | 303 858            | 516 048            |
| Heritage Assets                                    | 16    | 939 000            | 939 000            |
| Capitalised Restoration cost                       | 17    | 417 704            | 200 054            |
| Non-Current Investments                            | 18    | 90 617             | 51 549             |
| Long-Term Receivables                              | 19    | 3 451 815          | 2 371 861          |
| <b>Non-Current Assets held for sale</b>            | 20    | <b>3 460 209</b>   | <b>1 464 340</b>   |
| <b>Current Assets</b>                              |       | <b>130 314 255</b> | <b>127 993 238</b> |
| Inventory  | 21    | 21 679 328         | 13 344 079         |
| Receivables from exchange transactions             | 22    | 31 309 093         | 34 534 238         |
| Receivables from non-exchange transactions         | 23    | 3 629 819          | 3 962 306          |
| Unpaid Conditional Government Grants and Receipts  | 10    | 250 000            | 0                  |
| Operating Lease Asset                              | 24    | 127 530            | 70 021             |
| Taxes  | 12.3  | 539 810            | -                  |
| Current Portion of Long-term Receivables           | 19    | 1 496 547          | 2 167 412          |
| Cash and Cash Equivalents                          | 25    | 71 282 129         | 73 915 183         |
| <b>Total Assets</b>                                |       | <b>631 742 954</b> | <b>587 289 781</b> |

**LANGEBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

|   |       | 2013               | 2012               | 2012                                       | 2012                   |
|---|-------|--------------------|--------------------|--|------------------------|
|   | Notes | Actual             | Restated           | Correction<br>of<br>Error Refer<br>Note 40 | Previously<br>reported |
|   |       | R                  | R                  | R  | R                      |
| <b>REVENUE</b>                                    |       |                    |                    |  |                        |
| <b>Revenue from Non-exchange Transactions</b>     |       | <b>138 383 608</b> | <b>105 889 939</b> | <b>-</b>                                   | <b>105 889 939</b>     |
| <b>Taxation Revenue</b>                           |       | <b>29 806 702</b>  | <b>27 949 649</b>  | <b>-</b>                                   | <b>27 949 649</b>      |
| Property rates                                    | 26    | 29 806 702         | 27 949 649         | -  | 27 949 649             |
| <b>Transfer Revenue</b>                           |       | <b>102 836 558</b> | <b>76 105 029</b>  | <b>-</b>                                   | <b>76 105 029</b>      |
| Government Grants and Subsidies - Capital         | 27    | 24 405 390         | 16 274 360         | -  | 16 274 360             |
| Government Grants and Subsidies - Operating       | 27    | 78 431 168         | 59 710 669         | -  | 59 710 669             |
| Public Contributions and Donations                |       | -                  | 120 000            | -  | 120 000                |
| <b>Other Revenue</b>                              |       | <b>5 740 349</b>   | <b>1 835 260</b>   | <b>-</b>                                   | <b>1 835 260</b>       |
| Gain on Foreign Exchange transaction              |       | -                  | -                  | -  | -                      |
| Actuarial Gains                                   | 4     | 1 250 989          | -                  | -  | -                      |
| Fair Value Adjustments                            |       | 39 068             | -                  | -  | -                      |
| Fines   |       | 1 079 319          | 1 835 260          | -  | 1 835 260              |
| Impairment Reversal                               | 34    | 3 331 913          | -                  | -  | -                      |
| Stock Adjustments                                 |       | 39 059             | -                  | -  | -                      |
| <b>Revenue from Exchange Transactions</b>         |       | <b>298 212 813</b> | <b>277 596 777</b> | <b>(2 945 200)</b>                         | <b>280 541 977</b>     |
| Service Charges                                   | 28    | 276 237 128        | 250 167 952        | (2 954 216)                                | 253 122 168            |
| Rental of Facilities and Equipment                |       | 2 074 316          | 1 667 562          | 9 016                                      | 1 658 546              |
| Interest Earned - external investments            |       | 4 556 735          | 5 042 189          | -  | 5 042 189              |
| Interest Earned - outstanding debtors             |       | 1 617 204          | 1 513 318          | -  | 1 513 318              |
| Licences and Permits                              |       | 1 239 538          | 1 261 437          | -  | 1 261 437              |
| Agency Services                                   |       | 1 929 048          | 1 814 479          | -  | 1 814 479              |
| Other Income                                      | 29    | 10 498 358         | 16 077 183         | -  | 16 077 183             |
| Unamortised Discount - Interest                   |       | 60 486             | 52 658             | -  | 52 658                 |
| Gain on disposal of Property, Plant and Equipment |       | -                  | -                  | -  | -                      |
| <b>Total Revenue</b>                              |       | <b>436 596 421</b> | <b>383 486 716</b> | <b>(2 945 200)</b>                         | <b>386 431 916</b>     |
| <b>EXPENDITURE</b>                                |       |                    |                    |  |                        |
| Employee related costs                            | 30    | 118 506 679        | 108 728 890        | -  | 108 728 890            |
| Remuneration of Councillors                       | 31    | 7 099 118          | 6 420 162          | -  | 6 420 162              |
| Debt Impairment                                   | 32    | 8 551 056          | 4 511 537          | -  | 4 511 537              |
| Depreciation and Amortisation                     | 33    | 16 753 805         | 17 569 339         | (944 076)                                  | 18 513 415             |
| Collection costs                                  |       | 1 192 386          | 959 455            | -  | 959 455                |
| Impairments                                       | 34    | -                  | 3 770 043          | -  | 3 770 043              |
| Repairs and Maintenance                           |       | 12 097 894         | 11 780 440         | (139 795)                                  | 11 920 235             |
| Actuarial losses                                  | 4     | 375 288            | 3 122 234          | -  | 3 122 234              |
| Unamortised Discount - Interest paid              |       | 96 805             | 122 093            | -  | 122 093                |
| Finance Charges                                   | 35    | 7 080 720          | 7 215 421          | -  | 7 215 421              |
| Bulk Purchases                                    | 36    | 176 527 517        | 160 291 452        | -  | 160 291 452            |
| Contracted services                               |       | 981 026            | 1 105 252          | -  | 1 105 252              |
| Grants and Subsidies                              | 37    | -                  | 73 500             | -  | 73 500                 |
| Stock Adjustments                                 |       | -                  | 184 451            | -  | 184 451                |
| Operating Grant Expenditure                       |       | 11 207 558         | 18 547 031         | -  | 18 547 031             |
| General Expenses                                  | 38    | 42 069 249         | 35 708 680         | (23 742)                                   | 35 732 422             |
| Loss on disposal of Property, Plant and Equipment |       | 552 618            | 47 282             | -  | 47 282                 |
| Fair Value Adjustments                            |       | -                  | 4 807              | -  | 4 807                  |
| <b>Total Expenditure</b>                          |       | <b>403 091 717</b> | <b>380 162 067</b> | <b>(1 107 613)</b>                         | <b>381 269 680</b>     |
| <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>         |       | <b>33 504 703</b>  | <b>3 324 648</b>   | <b>(1 837 587)</b>                         | <b>5 162 235</b>       |

**LANGEBERG MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013**

|   | <b>Capital<br/>Replacement<br/>Reserve</b> | <b>Accumulated<br/>Surplus/(Deficit)</b> | <b>Total</b>       |
|---|--|--|--------------------|
|   | <b>R</b>                                   | <b>R</b>                                 | <b>R</b>           |
| <b>Balance at 01 JULY 2011</b>              | <b>45 526 492</b>                          | <b>381 495 919</b>                       | <b>427 022 411</b> |
| Change in Accounting Policy (Refer Note 39) |  | 80 278                                   | 80 278             |
| Correction of error (Refer Note 40)         |  | 11 140 369                               | 11 140 369         |
| <b>Restated balance at 01 JULY 2011</b>     | <b>45 526 492</b>                          | <b>392 716 566</b>                       | <b>438 243 058</b> |
| Net Surplus for the year                    |  | 3 324 648                                | 3 324 648          |
| Transfer to/from CRR                        | 22 041 993                                 | (22 041 993)                             | -                  |
| Property, Plant and Equipment purchased     | (22 568 485)                               | 22 568 485                               | -                  |
| <b>Balance at 30 JUNE 2012</b>              | <b>45 000 000</b>                          | <b>396 567 706</b>                       | <b>441 567 706</b> |
| Net Surplus for the year                    |  | 33 504 703                               | 33 504 703         |
| Transfer to/from CRR                        | 25 815 080                                 | (25 815 080)                             | -                  |
| Property, Plant and Equipment purchased     | (28 099 257)                               | 28 099 257                               | -                  |
| <b>Balance at 30 JUNE 2013</b>              | <b>42 715 822</b>                          | <b>432 356 587</b>                       | <b>475 072 409</b> |

**LANGEBERG MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

|   |           | 30 JUNE 2013        | 30 JUNE 2012<br>Restated<br>Correction<br>of<br>Error Refer Note 40 |
|---|-----------|---------------------|---|
|   | Notes     | R                   | R   |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |           |                     |   |
| <b>Receipts</b>   |           |                     |   |
| Ratepayers and other  |           | 319 720 156         | 286 859 294   |
| Government - operating  |           | 75 718 495          | 56 507 226  |
| Government - capital  |           | 29 529 200          | 21 309 000  |
| Interest  |           | 3 733 977           | 4 085 471   |
| <b>Payments</b>   |           |                     |   |
| Suppliers and employees                                       |           | (369 603 304)       | (338 578 115)   |
| Finance charges   | 35        | (3 432 324)         | (3 828 869)   |
| Transfers and Grants  |           |                     |   |
| <b>Cash generated by operations</b>                           | <b>41</b> | <b>55 666 199</b>   | <b>26 354 007</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |           |                     |   |
| Purchase of Property, Plant and Equipment                     | 13        | (52 130 051)        | (38 289 937)  |
| Proceeds on Disposals   |           | -                   | 73 187  |
| Purchase of Intangible Assets                                 | 15        | (39 145)            | (373 165)   |
| Decrease/(Increase) in Long-term Receivables                  | 19        | (3 037 093)         | 673 165   |
| Decrease/(Increase) in Non-current Investments                | 18        | (39 068)            | 4 807   |
| <b>Net Cash from Investing Activities</b>                     |           | <b>(55 245 358)</b> | <b>(37 911 943)</b>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |           |                     |   |
| Loans repaid  |           | (3 545 007)         | (3 104 650)   |
| New loans raised  |           | -                   | -   |
| (Decrease)/Increase in Consumer Deposits                      |           | 491 112             | 508 405   |
| <b>Net Cash from Financing Activities</b>                     |           | <b>(3 053 895)</b>  | <b>(2 596 245)</b>  |
| <b>NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS</b>  |           | <b>(2 633 054)</b>  | <b>(14 154 181)</b>   |
| Cash and Cash Equivalents at the beginning of the year        |           | 73 915 183          | 88 069 364  |
| Cash and Cash Equivalents at the end of the year              | 42        | 71 282 129          | 73 915 183  |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |           | <b>(2 633 054)</b>  | <b>(14 154 181)</b>   |

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

|  | 2013<br>R<br>(Actual) | 2013<br>R<br>(Final Budget) | 2013<br>R<br>(Variance) | Explanations for material variances  |
|--|-----------------------|-----------------------------|-------------------------|--|
| <b>ASSETS</b>                            |                       |                             |                         |  |
| <b>Current assets</b>                    |                       |                             |                         |  |
| Cash                                     | 11 282 129            | 7 561 000                   | 3 721 129               |  |
| Call investment deposits                 | 60 000 000            | 80 000 000                  | (20 000 000)            | Increase in cash of R 7.4M   |
| Consumer debtors                         | 34 938 912            | 15 997 646                  | 18 941 266              |  |
| Other Receivables                        | 917 340               | 11 274 719                  | (10 357 379)            |  |
| Current portion of long-term receivables | 1 496 547             | 1 484 000                   | 12 547                  |  |
|  |                       |                             |                         | Reclassification of low cost housing from general expenses to inventory. Land to the amount of R7m purchased for low cost housing.                               |
| Inventory                                | 21 679 328            | 5 619 000                   | 16 060 328              |  |
| <b>Total current assets</b>              | <b>130 314 255</b>    | <b>121 936 365</b>          | <b>8 377 890</b>        |  |
| <b>Non current assets</b>                |                       |                             |                         |  |
| Long-term receivables                    | 3 451 815             | 7 834 000                   | (4 382 185)             | Increase in the provision for impairment of R 2.6M   |
| Investments                              | 90 617                | 6 000                       | 84 617                  |  |
| Investment property                      | 26 951 138            | 19 413 000                  | 7 538 138               |  |
|  |                       |                             |                         | R 6.6M unspent on capital expenditure budget. R 1.3M budgeted for the Bonnievale Reservoir could not be spend as amounts tendered exceeded the budgeted amounts. |
| Property, plant and equipment            | 469 692 271           | 494 367 393                 | (24 675 122)            | Reclassification of PPE to Heritage Assets   |
| Biological Assets                        |                       | -                           | -                       |  |
| Intangible Assets                        | 303 858               | 1 244 000                   | (940 142)               |  |
| Heritage Assets                          | 939 000               | -                           | 939 000                 | First time adoption of GRAP 103  |
| <b>Total non current assets</b>          | <b>501 428 699</b>    | <b>522 864 393</b>          | <b>(21 435 694)</b>     |  |
| <b>TOTAL ASSETS</b>                      | <b>631 742 954</b>    | <b>644 800 758</b>          | <b>(13 057 804)</b>     |  |
| <b>LIABILITIES</b>                       |                       |                             |                         |  |
| <b>Current liabilities</b>               |                       |                             |                         |  |
| Bank overdraft                           |                       | -                           | -                       |  |
| Borrowing                                | 4 242 681             | 3 483 061                   | 759 620                 |  |
| Consumer deposits                        | 6 570 594             | 5 337 360                   | 1 233 234               |  |
| Trade and other payables                 | 50 879 369            | 41 554 611                  | 9 324 758               |  |
| Provisions and Employee Benefits         | 13 422 917            | 14 127 480                  | (704 563)               |  |
| <b>Total current liabilities</b>         | <b>75 115 562</b>     | <b>64 502 512</b>           | <b>10 613 050</b>       |  |
| <b>Non current liabilities</b>           |                       |                             |                         |  |
| Borrowing                                | 32 203 958            | 33 936 676                  | (1 732 718)             |  |
| Provisions and Employee Benefits         | 49 351 025            | 62 328 466                  | (12 977 441)            |  |
| <b>Total non current liabilities</b>     | <b>81 554 983</b>     | <b>96 265 142</b>           | <b>(14 710 159)</b>     |  |
| <b>TOTAL LIABILITIES</b>                 | <b>156 670 544</b>    | <b>160 767 654</b>          | <b>(4 097 109)</b>      |  |
| <b>NET ASSETS</b>                        | <b>475 072 410</b>    | <b>484 033 104</b>          | <b>(8 960 694)</b>      |  |
| <b>COMMUNITY WEALTH</b>                  |                       |                             |                         |  |
| Accumulated Surplus/(Deficit)            | 432 356 587           | 450 498 494                 | (18 141 907)            |  |
| Reserves                                 | 42 715 822            | 33 534 610                  | 9 181 212               |  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>475 072 409</b>    | <b>484 033 104</b>          | <b>(8 960 695)</b>      |  |

**LANEGERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

**ADJUSTMENTS TO APPROVED BUDGET**

|  | 2013<br>R<br>(Approved Budget) | 2013<br>R<br>(Adjustments) | 2013<br>R<br>(Final Budget) | Explanations for material adjustments |
|--|--------------------------------|----------------------------|-----------------------------|---------------------------------------|
| <b>ASSETS</b>                            |                                |                            |                             |                                       |
| <b>Current assets</b>                    |                                |                            |                             |                                       |
| Cash                                     | 7 561 000                      | -                          | 7 561 000                   |                                       |
| Call investment deposits                 | 80 000 000                     | -                          | 80 000 000                  |                                       |
| Consumer debtors                         | 15 997 646                     | -                          | 15 997 646                  |                                       |
| Other Receivables                        | 11 274 719                     | -                          | 11 274 719                  |                                       |
| Current portion of long-term receivables | 1 484 000                      | -                          | 1 484 000                   |                                       |
| Inventory                                | 5 619 000                      | -                          | 5 619 000                   |                                       |
| <b>Total current assets</b>              | <b>121 936 365</b>             | <b>-</b>                   | <b>121 936 365</b>          |                                       |
| <b>Non current assets</b>                |                                |                            |                             |                                       |
| Long-term receivables                    | 7 834 000                      | -                          | 7 834 000                   |                                       |
| Investments                              | 6 000                          | -                          | 6 000                       |                                       |
| Investment property                      | 19 413 000                     | -                          | 19 413 000                  |                                       |
| Property, plant and equipment            | 530 017 779                    | (35 650 386)               | 494 367 393                 |                                       |
| Biological Assets                        | -                              | -                          | -                           |                                       |
| Intangible Assets                        | 1 244 000                      | -                          | 1 244 000                   |                                       |
| Heritage Assets                          | -                              | -                          | -                           |                                       |
| <b>Total non current assets</b>          | <b>558 514 779</b>             | <b>(35 650 386)</b>        | <b>522 864 393</b>          |                                       |
| <b>TOTAL ASSETS</b>                      | <b>680 451 144</b>             | <b>(35 650 386)</b>        | <b>644 800 758</b>          |                                       |
| <b>LIABILITIES</b>                       |                                |                            |                             |                                       |
| <b>Current liabilities</b>               |                                |                            |                             |                                       |
| Bank overdraft                           | -                              | -                          | -                           |                                       |
| Borrowing                                | 3 483 061                      | -                          | 3 483 061                   |                                       |
| Consumer deposits                        | 5 337 360                      | -                          | 5 337 360                   |                                       |
| Trade and other payables                 | 41 554 611                     | -                          | 41 554 611                  |                                       |
| Provisions and Employee Benefits         | 14 127 480                     | -                          | 14 127 480                  |                                       |
| <b>Total current liabilities</b>         | <b>64 502 512</b>              | <b>-</b>                   | <b>64 502 512</b>           |                                       |
| <b>Non current liabilities</b>           |                                |                            |                             |                                       |
| Borrowing                                | 33 936 676                     | -                          | 33 936 676                  |                                       |
| Provisions and Employee Benefits         | 62 328 466                     | -                          | 62 328 466                  |                                       |
| <b>Total non current liabilities</b>     | <b>96 265 142</b>              | <b>-</b>                   | <b>96 265 142</b>           |                                       |
| <b>TOTAL LIABILITIES</b>                 | <b>160 767 654</b>             | <b>-</b>                   | <b>160 767 654</b>          |                                       |
| <b>NET ASSETS</b>                        | <b>519 683 490</b>             | <b>(35 650 386)</b>        | <b>484 033 104</b>          |                                       |
| <b>COMMUNITY WEALTH</b>                  |                                |                            |                             |                                       |
| Accumulated Surplus/(Deficit)            | 485 875 302                    | (35 376 808)               | 450 498 494                 |                                       |
| Reserves                                 | 33 808 188                     | (273 578)                  | 33 534 610                  |                                       |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>519 683 490</b>             | <b>(35 650 386)</b>        | <b>484 033 104</b>          |                                       |

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

|   | 2013<br>R<br>(Actual) | 2013<br>R<br>(Final Budget) | 2013<br>R<br>(Variance) | Explanations for material variances   |
|---|-----------------------|-----------------------------|-------------------------|---|
| <b>REVENUE BY SOURCE</b>                        |                       |                             |                         |   |
| Property rates                                  | 29 806 702            | 30 162 100                  | (355 398)               |   |
| Property rates - penalties & collection charges |                       | 260 000                     | (260 000)               |   |
| Service charges                                 | 276 237 128           | 295 061 190                 | (18 824 062)            | Decrease in demand for electricity due to increase in electricity tariffs.    |
| Rental of facilities and equipment              | 2 074 316             | 1 713 780                   | 360 536                 |   |
| Interest earned - external investments          | 4 556 735             | 3 350 000                   | 1 206 735               |   |
| Interest earned - outstanding debtors           | 1 617 204             | 1 620 000                   | (2 796)                 |   |
| Dividends received                              |                       | -                           | -                       |   |
| Actuarial Gains                                 | 1 250 989             |                             |                         |   |
| Fair Value Adjustments                          | 39 068                |                             |                         |   |
| Fines   | 1 079 319             | 3 292 280                   | (2 212 961)             |   |
| Impairment Reversal                             | 3 331 913             |                             |                         |   |
| Stock Adjustments                               | 39 059                |                             |                         |   |
| Licences and permits                            | 1 239 538             | 1 339 590                   | (100 052)               |   |
| Agency services                                 | 1 929 048             | 1 198 000                   | 731 048                 |   |
| Government Grants and Subsidies                 | 102 836 558           | 106 389 297                 | (3 552 739)             |   |
| Other revenue                                   | 10 558 844            | 13 140 690                  | (2 581 846)             |   |
| Gains on disposal of PPE                        | -                     | -                           | -                       |   |
| <b>Total Operating Revenue</b>                  | <b>436 596 421</b>    | <b>457 526 927</b>          | <b>(25 591 536)</b>     |   |
| <b>EXPENDITURE BY TYPE</b>                      |                       |                             |                         |   |
| Employee related costs                          | 118 506 679           | 125 232 280                 | (6 725 601)             | Budgeted for a 9% increase. Actual increase of 7%                             |
| Remuneration of councillors                     | 7 099 118             | 7 285 490                   | (186 372)               |   |
| Debt impairment                                 | 8 551 056             | 7 503 470                   | 1 047 586               |   |
|   |                       |                             |                         | R 6.6 M unspent on capital budget. Reclassification of PPE to Heritage Assets |
| Depreciation & asset impairment                 | 16 753 805            | 21 152 130                  | (4 398 325)             |   |
| Finance charges                                 | 7 080 720             | 7 078 280                   | 2 440                   |   |
| Bulk purchases                                  | 176 527 517           | 186 506 110                 | (9 978 593)             | Decrease in demand for electricity due to increase in electricity tariffs.    |
| Other materials                                 | 12 097 894            | 12 963 572                  | (865 678)               |   |
| Contracted services                             | 981 026               | 1 851 030                   | (870 004)               |   |
| Grants and subsidies paid                       |                       | 82 180                      | (82 180)                |   |
| Other expenditure                               | 54 941 286            | 63 704 951                  | (8 763 665)             |   |
| Loss on disposal of PPE                         | 552 618               | -                           | 552 618                 |   |
| <b>Total Operating Expenditure</b>              | <b>403 091 717</b>    | <b>433 359 493</b>          | <b>(30 267 776)</b>     |   |
| <b>Operating Surplus for the year</b>           | <b>33 504 703</b>     | <b>24 167 434</b>           | <b>4 676 240</b>        |   |

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**ADJUSTMENTS TO APPROVED BUDGET**

|   | 2013<br>R<br>(Approved Budget) | 2013<br>R<br>(Adjustments) | 2013<br>R<br>(Final Budget) | 2013<br>R<br>(Final Virements) | 2013<br>R<br>(Final Year-end Budget) | Reasons for material adjustments |
|---|--------------------------------|----------------------------|-----------------------------|--------------------------------|--------------------------------------|----------------------------------|
| <b>REVENUE BY SOURCE</b>                        |                                |                            |                             |                                |                                      |                                  |
| Property rates                                  | 30 424 740                     | (262 640)                  | 30 162 100                  | -                              | 30 162 100                           |                                  |
| Property rates - penalties & collection charges | 260 000                        | -                          | 260 000                     | -                              | 260 000                              |                                  |
| Service charges                                 | 296 525 820                    | (1 464 630)                | 295 061 190                 | -                              | 295 061 190                          |                                  |
| Rental of facilities and equipment              | 1 637 680                      | 76 100                     | 1 713 780                   | -                              | 1 713 780                            |                                  |
| Interest earned - external investments          | 5 279 200                      | (1 929 200)                | 3 350 000                   | -                              | 3 350 000                            |                                  |
| Interest earned - outstanding debtors           | 1 620 000                      | -                          | 1 620 000                   | -                              | 1 620 000                            |                                  |
| Dividends received                              |                                | -                          | -                           | -                              | -                                    |                                  |
| Fines   | 3 280 150                      | 12 130                     | 3 292 280                   | -                              | 3 292 280                            |                                  |
| Licences and permits                            | 1 339 590                      | -                          | 1 339 590                   | -                              | 1 339 590                            |                                  |
| Agency services                                 | 1 188 000                      | 10 000                     | 1 198 000                   | -                              | 1 198 000                            |                                  |
| Transfers recognised                            | 94 706 000                     | 11 683 297                 | 106 389 297                 | -                              | 106 389 297                          |                                  |
| Other revenue                                   | 12 596 850                     | 543 840                    | 13 140 690                  | -                              | 13 140 690                           |                                  |
| Gains on disposal of PPE                        | -                              | -                          | -                           | -                              | -                                    |                                  |
| <b>Total Operating Revenue</b>                  | <b>448 858 030</b>             | <b>8 668 897</b>           | <b>457 526 927</b>          | <b>-</b>                       | <b>457 526 927</b>                   |                                  |
| <b>EXPENDITURE BY TYPE</b>                      |                                |                            |                             |                                |                                      |                                  |
| Employee related costs                          | 125 328 780                    | (96 500)                   | 125 232 280                 | -                              | 125 232 280                          |                                  |
| Remuneration of councillors                     | 7 285 490                      | -                          | 7 285 490                   | -                              | 7 285 490                            |                                  |
| Debt impairment                                 | 7 503 470                      | -                          | 7 503 470                   | -                              | 7 503 470                            |                                  |
| Depreciation & asset impairment                 | 16 681 920                     | 4 470 210                  | 21 152 130                  | -                              | 21 152 130                           |                                  |
| Finance charges                                 | 7 574 280                      | 260 000                    | 7 834 280                   | (756 000)                      | 7 078 280                            |                                  |
| Bulk purchases                                  | 191 714 110                    | (5 182 000)                | 186 532 110                 | (26 000)                       | 186 506 110                          |                                  |
| Other materials                                 | 9 704 880                      | 1 552 630                  | 11 257 510                  | 1 706 062                      | 12 963 572                           |                                  |
| Contracted services                             | 2 519 420                      | (474 000)                  | 2 045 420                   | (194 390)                      | 1 851 030                            |                                  |
| Grants and subsidies paid                       | 82 180                         | -                          | 82 180                      | -                              | 82 180                               |                                  |
| Other expenditure                               | 58 546 820                     | 5 918 303                  | 64 465 123                  | (760 172)                      | 63 704 951                           |                                  |
| Loss on disposal of PPE                         | -                              | -                          | -                           | -                              | -                                    |                                  |
| <b>Total Operating Expenditure</b>              | <b>426 941 350</b>             | <b>6 448 643</b>           | <b>433 389 993</b>          | <b>(30 500)</b>                | <b>433 359 493</b>                   |                                  |
| <b>Operating Surplus for the year</b>           | <b>21 916 680</b>              | <b>2 220 254</b>           | <b>24 136 934</b>           | <b>30 500</b>                  | <b>24 167 434</b>                    |                                  |

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

|  | 2013<br>R<br>(Actual) | 2013<br>R<br>(Final Budget) | 2013<br>R<br>(Variance) | Explanations for material variances  |
|--|-----------------------|-----------------------------|-------------------------|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |                       |                             |                         |  |
| <b>Receipts</b>  |                       |                             |                         |  |
| Ratepayers and other                                   | 319 720 156           | 300 352 568                 | 19 367 587              |  |
| Government - operating                                 | 75 718 495            | 80 366 819                  | (4 648 324)             | R 2.7 M of housing allocation not received.  |
| Government - capital                                   | 29 529 200            | 26 022 478                  | 3 506 722               | R 2.5 M of 2013/2014 library allocation received in 2012/2013  |
| Interest   | 3 733 977             | 6 120 000                   | (2 386 023)             | Decrease in call investment deposits of R 20M.   |
| Dividends  | -                     | -                           | -                       |  |
| <b>Payments</b>  |                       |                             |                         |  |
| Suppliers and Employees                                | (369 603 304)         | (329 424 013)               | (40 179 291)            |  |
| Finance charges  | (3 432 324)           | (7 834 280)                 | 4 401 956               |  |
| Transfers and Grants                                   | -                     | (82 180)                    | 82 180                  |  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>       | <b>55 666 199</b>     | <b>75 521 392</b>           | <b>(19 855 193)</b>     |  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                       |                             |                         |  |
| <b>Receipts</b>  |                       |                             |                         |  |
| Proceeds on disposal of Assets                         | -                     | -                           | -                       |  |
| Decrease/(increase) in non-current receivables         | (3 037 093)           | -                           | (3 037 093)             |  |
| Decrease/(increase) in non-current investments         | (39 068)              | -                           | (39 068)                |  |
| <b>Payments</b>  |                       |                             |                         |  |
| Capital assets   | (52 169 196)          | (58 787 874)                | 6 618 678               | R 1.3M budgeted for the Bonnievale Reservoir could not be spend as amounts tendered exceeded the budgeted amounts. |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>       | <b>(55 245 358)</b>   | <b>(58 787 874)</b>         | <b>3 542 516</b>        |  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                       |                             |                         |  |
| <b>Receipts</b>  |                       |                             |                         |  |
| Borrowing  | (3 545 007)           | -                           | (3 545 007)             |  |
| Increase/(decrease) in consumer deposits               | 491 112               | 395 360                     | 95 752                  |  |
| <b>Payments</b>  |                       |                             |                         |  |
| Repayment of borrowing                                 | -                     | (3 483 061)                 | 3 483 061               |  |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>       | <b>(3 053 895)</b>    | <b>(3 087 701)</b>          | <b>33 806</b>           |  |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>            | <b>(2 633 054)</b>    | <b>13 645 817</b>           | <b>(16 278 871)</b>     |  |
| Cash and Cash Equivalents at the beginning of the year | 73 915 183            | 73 915 183                  | -                       |  |
| Cash and Cash Equivalents at the end of the year       | 71 282 129            | 87 561 000                  | (16 278 871)            |  |

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

**ADJUSTMENTS TO APPROVED BUDGET**

|  | 2013<br>R<br>(Approved Budget) | 2013<br>R<br>(Adjustments) | 2013<br>R<br>(Final Budget) | Reasons for material adjustments |
|--|--------------------------------|----------------------------|-----------------------------|----------------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |                                |                            |                             |                                  |
| <b>Receipts</b>  |                                |                            |                             |                                  |
| Ratepayers and other                                   | 325 376 830                    | (25 024 262)               | 300 352 568                 |                                  |
| Government - operating                                 | 73 830 000                     | 6 536 819                  | 80 366 819                  |                                  |
| Government - capital                                   | 20 876 000                     | 5 146 478                  | 26 022 478                  |                                  |
| Interest   | 7 899 200                      | (1 779 200)                | 6 120 000                   |                                  |
| Dividends  | -                              | -                          | -                           |                                  |
| <b>Payments</b>  |                                |                            |                             |                                  |
| Suppliers and Employees                                | (326 728 136)                  | (2 695 877)                | (329 424 013)               |                                  |
| Finance charges  | (7 574 280)                    | (260 000)                  | (7 834 280)                 |                                  |
| Transfers and Grants                                   | (82 180)                       | -                          | (82 180)                    |                                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>       | <b>93 597 434</b>              | <b>(18 076 042)</b>        | <b>75 521 392</b>           |                                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                                |                            |                             |                                  |
| <b>Receipts</b>  |                                |                            |                             |                                  |
| Proceeds on disposal of Assets                         | -                              | -                          | -                           |                                  |
| Decrease/(increase) in non-current receivables         | -                              | -                          | -                           |                                  |
| Decrease/(increase) in non-current investments         | -                              | -                          | -                           |                                  |
| <b>Payments</b>  |                                |                            |                             |                                  |
| Capital assets   | (49 712 046)                   | (9 075 828)                | (58 787 874)                |                                  |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>       | <b>(49 712 046)</b>            | <b>(9 075 828)</b>         | <b>(58 787 874)</b>         |                                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                                |                            |                             |                                  |
| <b>Receipts</b>  |                                |                            |                             |                                  |
| Borrowing  | -                              | -                          | -                           |                                  |
| Increase/(decrease) in consumer deposits               | 395 360                        | -                          | 395 360                     |                                  |
| <b>Payments</b>  |                                |                            |                             |                                  |
| Repayment of borrowing                                 | (3 483 061)                    | -                          | (3 483 061)                 |                                  |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>       | <b>(3 087 701)</b>             | <b>-</b>                   | <b>(3 087 701)</b>          |                                  |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>            | <b>40 797 687</b>              | <b>(27 151 870)</b>        | <b>13 645 817</b>           |                                  |
| Cash and Cash Equivalents at the beginning of the year | 73 915 183                     | -                          | 73 915 183                  |                                  |
| Cash and Cash Equivalents at the end of the year       | 114 712 870                    | (27 151 870)               | 87 561 000                  |                                  |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

|                  |   |
|------------------|---|
| <b>GRAP 1*</b>   | Presentation of Financial Statements                            |
| <b>GRAP 2*</b>   | Cash Flow Statements  |
| <b>GRAP 3*</b>   | Accounting Policies, Changes in Accounting Estimates and Errors |
| <b>GRAP 4*</b>   | The Effects of Changes in Foreign Exchange Rates                |
| <b>GRAP 5</b>    | Borrowing Costs   |
| <b>GRAP 6</b>    | Consolidated and Separate Financial Statements                  |
| <b>GRAP 7</b>    | Investments in Associates                                       |
| <b>GRAP 8</b>    | Interests in Joint Ventures                                     |
| <b>GRAP 9*</b>   | Revenue from Exchange Transactions                              |
| <b>GRAP 10*</b>  | Financial Reporting in Hyperinflationary Economics              |
| <b>GRAP 11*</b>  | Construction Contracts  |
| <b>GRAP 12*</b>  | Inventories   |
| <b>GRAP 13*</b>  | Leases  |
| <b>GRAP 14*</b>  | Events after the Reporting Date                                 |
| <b>GRAP 16*</b>  | Investment Property   |
| <b>GRAP 17*</b>  | Property, Plant and Equipment                                   |
| <b>GRAP 19*</b>  | Provisions, Contingent Liabilities and Contingent Assets        |
| <b>GRAP 21</b>   | Impairment of Non-Cash-Generating Assets                        |
| <b>GRAP 23</b>   | Revenue from Non-Exchange Transactions                          |
| <b>GRAP 26</b>   | Impairment of Cash-Generating Assets                            |
| <b>GRAP 103</b>  | Heritage Assets   |
| <b>GRAP 104</b>  | Financial Instruments   |
| <b>GRAP 100*</b> | Non-current Assets held for Sale and Discontinued Operations    |
| <b>GRAP 101</b>  | Agriculture   |

**LANGE BERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   |  |
|---|--|
| <b>GRAP 102</b>                         | Intangible assets  |
| <b>IPSAS 20</b>                         | Related Party Disclosure   |
| <b>IFRS 3 (AC140)</b>                   | Business Combinations  |
| <b>IFRS 4 (AC141)</b>                   | Insurance Contracts  |
| <b>IFRS 6 (AC143)</b>                   | Exploration for and Evaluation of Mineral Resources                                      |
| <b>IAS 12 (AC102)</b>                   | Income Taxes   |
| <b>SIC – 21 (AC421)</b>                 | Income Taxes – Recovery of Revaluated Non-Depreciable Assets                             |
| <b>SIC – 25 (AC425)</b>                 | Income Taxes – Changes in the Tax Status on an Entity or its Shareholders                |
| <b>SIC – 29 (AC429)</b>                 | Service Concessions Arrangements – Disclosures   |
| <b>IFRIC 2 (AC435)</b>                  | Members' Shares in Co-operative Entities and Similar Instruments                         |
| <b>IFRIC 4 (AC437)</b>                  | Determining whether an Arrangement contains a Lease                                      |
| <b>IFRIC 9 (AC442)</b>                  | Reassessment of Embedded Derivatives   |
| <b>IFRIC 12 (AC445)</b>                 | Service Concession Arrangements  |
| <b>IFRIC 13 (AC446)</b>                 | Customer Loyalty Programmes  |
| <b>IFRIC 14 (AC447)</b><br><b>IAS19</b> | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| <b>IFRIC 15 (AC448)</b>                 | Agreements for the Construction of Real Estate   |
| <b>IFRIC 16 (AC449)</b>                 | Hedges in a Net Investment in a Foreign Operation  |

\*The Municipality resolved to early adopt the revised GRAP standards which have been issued but are not effective yet.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

| <b>Standard</b>               | <b>Description</b>  | <b>Effective Date</b> |
|-------------------------------|---|-----------------------|
| GRAP 1 (Revised – Mar 2012)   | Presentation of Financial Statements                            | 1 April 2013          |
| GRAP 3 (Revised – Mar 2012)   | Accounting Policies, Changes in Accounting Estimates and Errors | 1 April 2013          |
| GRAP 9 (Revised – Mar 2012)   | Revenue from Exchange Transactions                              | 1 April 2013          |
| GRAP 12 (Revised – Mar 2012)  | Inventories   | 1 April 2013          |
| GRAP 13 (Revised – Mar 2012)  | Leases  | 1 April 2013          |
| GRAP 16 (Revised – Mar 2012)  | Investment Property   | 1 April 2013          |
| GRAP 17 (Revised – Mar 2012)  | Property, Plant and Equipment                                   | 1 April 2013          |
| GRAP 25 (Original – Nov 2009) | Employee Benefits   | 1 April 2013          |
| GRAP 27 (Revised – Mar 2012)  | Agriculture   | 1 April 2013          |
| GRAP 31 (Revised – Mar 2012)  | Intangible Assets   | 1 April 2013          |
| IGRAP 16 (Issued – Mar 2012)  | Intangible Assets – Website Costs                               | 1 April 2013          |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

**1.6. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

**1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

| <b>Standard</b>             | <b>Description</b>  | <b>Effective Date</b> |
|-----------------------------|---|-----------------------|
| <b>GRAP 6<br/>(Revised)</b> | <b>Consolidated and Separate Financial Statements</b><br>No significant impact is expected as the Municipality does not participate in such business transactions.                  | <b>Unknown</b>        |
| <b>GRAP 7<br/>(Revised)</b> | <b>Investments in Associate</b><br>No significant impact is expected as the Municipality does not participate in such business transactions.  | <b>Unknown</b>        |
| <b>GRAP 8<br/>(Revised)</b> | <b>Interest in Joint Ventures</b><br>No significant impact is expected as the Municipality does not participate in such business transactions.                                      | <b>Unknown</b>        |
| <b>GRAP 18</b>              | <b>Segment Reporting</b><br>Information to a large extent is already included in the notes to the annual financial statements.  | <b>Unknown</b>        |
| <b>GRAP 105</b>             | <b>Transfer of Functions Between Entities Under Common Control</b><br>No significant impact is expected as the Municipality does not participate in such business transactions.     | <b>Unknown</b>        |
| <b>GRAP 106</b>             | <b>Transfer of Functions Between Entities Not Under Common Control</b><br>No significant impact is expected as the Municipality does not participate in such business transactions. | <b>Unknown</b>        |
| <b>GRAP 107</b>             | <b>Mergers</b><br>No significant impact is expected as the Municipality does not participate in such business transactions.   | <b>Unknown</b>        |

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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**1.8. RESERVES**

**1.8.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

**1.9. LEASES**

**1.9.1 Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.9.2 Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.13. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

**1.13. EMPLOYEE BENEFITS**

**(a) *Post Retirement Medical obligations***

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(b) *Long Service awards***

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(c) *Ex gratia Gratuities***

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(d) *Accrued Leave Pay***

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

**(e) *Staff Bonuses***

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**(f) *Performance bonuses***

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**(g) *Pension and retirement fund obligations***

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than

defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**1.14. BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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**1.15. PROPERTY, PLANT AND EQUIPMENT**

**1.15.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.15.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.15.3 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|                                    | <b>Years</b> |                                | <b>Years</b> |
|------------------------------------|--------------|--------------------------------|--------------|
| <b><u>Infrastructure</u></b>       |              | <b><u>Other</u></b>            |              |
| Roads and Paving                   | 1-100        | Buildings                      | 1-100        |
| Pedestrian Malls                   | 1-100        | Specialist vehicles            | 10-20        |
| Electricity                        | 1-80         | Other vehicles                 | 4-45         |
| Water                              | 1-125        | Furniture and Office equipment | 1-100        |
| Sewerage                           | 1-100        | Plant and Equipment            | 1-40         |
| Housing                            | 1-105        | Landfill sites                 | 15           |
|                                    |              | Quarries                       | 25           |
|                                    |              | Computer equipment             | 2-20         |
| <b><u>Community</u></b>            |              |                                |              |
| Buildings                          | 1-105        |                                |              |
| Recreational Facilities            | 7-100        |                                |              |
| Security                           | 5            |                                |              |
| Halls                              | 1-105        |                                |              |
| Libraries                          | 1-100        |                                |              |
| Parks and gardens                  | 1-100        |                                |              |
| Other assets                       | 7-100        |                                |              |
| <b><u>Finance lease assets</u></b> |              |                                |              |
| Office equipment                   | 2-22         |                                |              |
| Other assets                       | 2-22         |                                |              |

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

**1.15.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.15.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.15.6 Capitalised Restoration Cost**

The Municipality treat the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.15.1 to 1.15.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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**1.16. INTANGIBLE ASSETS**

**1.16.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**1.16.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.16.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives

are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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| <u>Intangible Assets</u>   | <u>Years</u> |
|----------------------------|--------------|
| Computer Software          | 2-7          |
| Computer Software Licenses | 2-7          |

**1.16.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.16.5 Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.17. INVESTMENT PROPERTY**

**1.17.1 Initial Recognition**

Investment property shall be recognised as an asset when; and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

**1.17.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**1.17.3 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

| <u>Investment Property</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings                  | 1-100        |

**1.17.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.18 HERITAGE ASSETS**

**1.18.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

**1.18.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

**1.18.3 Depreciation and Impairment**

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.18.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.18.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an

asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

**1.19. NON-CURRENT ASSETS HELD FOR SALE**

**1.19.1 Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**1.19.2 Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.20.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.20.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**1.21. NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.22. INVENTORIES**

**1.22.1 Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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**1.22.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

**1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

**1.23.1 Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

**1.23.2 Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.23.2.2 Trade and Other Receivables**

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.23.2.3** Trade and Other Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23.2.4** Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.23.3 De-recognition of Financial Instruments**

**1.23.3.1** Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.23.3.2**     *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.23.4**     ***Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

**1.24. REVENUE**

**1.24.1**     ***Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

**1.24.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.24.3 Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**1.25. RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.26. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events,

but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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Management judgement is required when recognising and measuring contingent liabilities.

**1.30. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per

the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

**1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

***Post retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates,

expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of trade receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Property, plant and equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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***Intangible assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Provisions and contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

***Revenue Recognition***

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.33. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

| 2 | NET ASSET RESERVES              | 2013<br>R         | 2012<br>R         |
|---|---------------------------------|-------------------|-------------------|
|   | Capital Replacement Reserve     | 42 715 822        | 45 000 000        |
|   | <b>Total Net Asset Reserves</b> | <b>42 715 822</b> | <b>45 000 000</b> |

| 3 | LONG-TERM LIABILITIES   |                   |                   |
|---|---|-------------------|-------------------|
|   | Annuity Loans - At amortised cost   | 34 960 063        | 38 483 299        |
|   | Capitalised Lease Liability - At amortised cost   | 2 330 637         | 12 288            |
|   |   | <b>37 290 700</b> | <b>38 495 587</b> |
|   | Current Portion transferred to Current Liabilities  | <b>4 242 681</b>  | <b>3 481 454</b>  |
|   | Annuity Loans - At amortised cost   | 3 522 662         | 3 469 166         |
|   | Capitalised Lease Liability - At amortised cost   | 720 019           | 12 288            |
|   |   | <b>33 048 019</b> | <b>35 014 133</b> |
|   | Unamortised charges on loans  | (844 061)         | (880 380)         |
|   | Balance 1 July  | 880 380           | 949 816           |
|   | Adjustment for the period   | (36 319)          | (69 436)          |
|   | <b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b> | <b>32 203 958</b> | <b>34 133 753</b> |

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

|   | Minimum<br>annuity payments |                   |
|---|-----------------------------|-------------------|
| Amounts payable under annuity loans:        |                             |                   |
| Payable within one year                     | 6 497 788                   | 7 041 835         |
| Payable within two to five years            | 25 299 267                  | 24 771 975        |
| Payable after five years                    | 19 674 542                  | 28 717 232        |
|   | 51 471 597                  | 60 531 042        |
| <b>Less:</b> Future finance obligations     | (16 511 534)                | (22 047 743)      |
| <b>Present value of annuity obligations</b> | <b>34 960 063</b>           | <b>38 483 299</b> |

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2027.

The obligations under finance leases are scheduled below:

|   | Minimum<br>lease payments |               |
|---|---------------------------|---------------|
| Amounts payable under finance leases:     |                           |               |
| Payable within one year                   | 966 349                   | 32 061        |
| Payable within two to five years          | 1 843 312                 | 25 870        |
| Payable after five years                  | -                         | -             |
|   | 2 809 661                 | 57 931        |
| <b>Less:</b> Future finance obligations   | (479 024)                 | (45 643)      |
| <b>Present value of lease obligations</b> | <b>2 330 637</b>          | <b>12 288</b> |

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

| <u>Supplier</u> | <u>Description of leased item</u> | <u>Effective Interest rate</u> | <u>Annual Escalation</u> | <u>Lease Term</u> | <u>Maturity Date</u> |
|-----------------|-----------------------------------|--------------------------------|--------------------------|-------------------|----------------------|
| MINOLCO         | Minolta B283 - F041011906         | 10.50%                         | 0%                       | 36 months         | 2015/11/30           |
| MINOLCO         | Minolta B283 - F041015012         | 10.50%                         | 0%                       | 36 months         | 2015/11/30           |
| MINOLCO         | Minolta B223 - G041101050         | 10.50%                         | 0%                       | 36 months         | 2016/03/31           |
| SASFIN          | Xerox WC5330 - 3322715985         | 15.00%                         | 0%                       | 36 months         | 2015/07/25           |
| SASFIN          | Xerox WC7535 - 3906110325         | 8.50%                          | 0%                       | 36 months         | 2015/12/04           |
| SASFIN          | Xerox CQ9303 - 3661801750         | 8.50%                          | 0%                       | 36 months         | 2016/03/25           |
| SASFIN          | Xerox CQ9303 - 3661794673         | 8.50%                          | 0%                       | 36 months         | 2016/03/25           |
| SASFIN          | TASKalfa (Black) - N493215179     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215430     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Z13192     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215409     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Z13124     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215435     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Y12198     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493214896     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493113657     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Y12209     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215170     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215209     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Y12204     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Y12189     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215219     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215400     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215388     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493113664     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Z13169     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215003     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493214906     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N493215361     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Black) - N492Z13140     | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Colour) - N2K3205727    | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Colour) - N2K2803951    | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |
| SASFIN          | TASKalfa (Colour) - N2K2705329    | 14.50%                         | 0%                       | 36 months         | 2016/06/25           |

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

**Assets pledged as security:**

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

4

**EMPLOYEE BENEFITS**

Post Retirement Benefits - Refer to Note 4.1  
Long Service Awards - Refer to Note 4.2  
**Total Non-current Employee Benefit Liabilities**

| 2013<br>R         | 2012<br>R         |
|-------------------|-------------------|
| 39 158 817        | 36 939 296        |
| 5 767 847         | 5 096 187         |
| <b>44 926 664</b> | <b>42 035 483</b> |

**Post Retirement Benefits**

Balance 1 July  
Contribution for the year  
Interest Cost  
Expenditure for the year  
Actuarial Loss / (Gain)  
**Total post retirement benefits 30 June**  
**Less:** Transfer of Current Portion - Note 7  
**Balance 30 June**

| 2013<br>R         | 2012<br>R         |
|-------------------|-------------------|
| 38 093 900        | 31 814 008        |
| 1 952 776         | 1 792 516         |
| 2 977 342         | 2 719 881         |
| (1 283 328)       | (918 132)         |
| (1 250 989)       | 2 685 627         |
| <b>40 489 701</b> | <b>38 093 900</b> |
| (1 330 884)       | (1 154 604)       |
| <b>39 158 817</b> | <b>36 939 296</b> |

**Long Service Awards**

Balance 1 July  
Contribution for the year  
Interest Cost  
Expenditure for the year  
Actuarial Loss  
**Total long service 30 June**  
**Less:** Transfer of Current Portion - Note 7  
**Balance 30 June**

|                  |                  |
|------------------|------------------|
| 5 508 217        | 4 853 520        |
| 650 245          | 617 827          |
| 344 142          | 354 111          |
| (402 646)        | (753 848)        |
| 375 288          | 436 607          |
| <b>6 475 246</b> | <b>5 508 217</b> |
| (707 399)        | (412 030)        |
| <b>5 767 847</b> | <b>5 096 187</b> |

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July  
Contribution for the year  
Interest cost  
Expenditure for the year  
Actuarial Loss / (Gain)  
**Total employee benefits 30 June**  
**Less:** Transfer of Current Portion - Note 7  
**Balance 30 June**

|                   |                   |
|-------------------|-------------------|
| 43 602 117        | 36 667 528        |
| 2 603 021         | 2 410 343         |
| 3 321 484         | 3 073 992         |
| (1 685 974)       | (1 671 980)       |
| (875 701)         | 3 122 234         |
| <b>46 964 947</b> | <b>43 602 117</b> |
| (2 038 283)       | (1 566 634)       |
| <b>44 926 664</b> | <b>42 035 483</b> |

**4.1 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members  
In-service (employee) non-members  
Continuation members (e.g. Retirees, widows, orphans)

|            |            |
|------------|------------|
| 171        | 176        |
| 516        | 497        |
| 51         | 47         |
| <b>738</b> | <b>720</b> |

**Total Members**

The liability in respect of past service has been estimated to be as follows:

In-service members  
Continuation members

|                   |                   |
|-------------------|-------------------|
| 22 129 363        | 21 696 401        |
| 18 360 338        | 16 397 499        |
| <b>40 489 701</b> | <b>38 093 900</b> |

**Total Liability**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                        | 2011<br>R         | 2010<br>R         | 2009<br>R         |
|------------------------|-------------------|-------------------|-------------------|
| In-service members     | 18 509 610        | 15 153 335        | 12 079 972        |
| Continuation members   | 13 304 398        | 13 012 335        | 11 823 388        |
| <b>Total Liability</b> | <b>31 814 008</b> | <b>28 165 670</b> | <b>23 903 360</b> |

Experience adjustments were calculated as follows:

|                            | 2013<br>Rm | 2012<br>Rm | 2011<br>Rm | 2010<br>Rm |
|----------------------------|------------|------------|------------|------------|
| Liabilities: (Gain) / loss | (0.825)    | 0.861      | (1.843)    | 1.728      |
| Assets: Gain / (loss)      | 0.000      | 0.000      | 0.000      | 0.000      |

## 4 EMPLOYEE BENEFITS (CONTINUE)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
Hosmed  
LA Health  
Samwumed; and  
Keyhealth.

| Key actuarial assumptions used: | 2013<br>% | 2012<br>% |
|---------------------------------|-----------|-----------|
| i) <b>Rate of interest</b>      |           |           |
| Discount rate                   | 8.77%     | 7.93%     |
| Health Care Cost Inflation Rate | 7.74%     | 6.94%     |
| Net Effective Discount Rate     | 0.96%     | 0.93%     |

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) **Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) **Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

|  | 2013<br>R         | 2012<br>R         |
|--|-------------------|-------------------|
| <b>The amounts recognised in the Statement of Financial Position are as follows:</b> |                   |                   |
| Present value of fund obligations  | 40 489 701        | 38 093 900        |
| <b>Net liability/(asset)</b>   | <b>40 489 701</b> | <b>38 093 900</b> |
| The fund is wholly unfunded.   |                   |                   |
| <b>Reconciliation of present value of fund obligation:</b>                           |                   |                   |
| Present value of fund obligation at the beginning of the year                        | 38 093 900        | 31 814 008        |
| Total expenses   | 3 646 790         | 3 594 265         |
| Current service cost   | 1 952 776         | 1 792 516         |
| Interest Cost  | 2 977 342         | 2 719 881         |
| Benefits Paid  | (1 283 328)       | (918 132)         |
| Actuarial Loss / (Gain)  | (1 250 989)       | 2 685 627         |
| Present value of fund obligation at the end of the year                              | 40 489 701        | 38 093 900        |
| <b>Less:</b> Transfer of Current Portion - Note 7                                    | (1 330 884)       | (1 154 604)       |
| <b>Balance 30 June</b>   | <b>39 158 817</b> | <b>36 939 296</b> |

**Sensitivity Analysis on the Accrued Liability**

| Assumption          | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|---------------------|-----------------------------------|-------------------------------------|----------------------|----------|
| Central Assumptions | 22.129                            | 18.36                               | 40.489               | -        |

The effect of movements in the assumptions are as follows:

| Assumption                | Change  | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|---------------------------|---------|-----------------------------------|-------------------------------------|----------------------|----------|
| Health care inflation     | 1%      | 25.800                            | 20.238                              | 46.038               | 14%      |
| Health care inflation     | -1%     | 18.909                            | 16.719                              | 35.628               | -12%     |
| Post-retirement mortality | -1 year | 22.860                            | 19.128                              | 41.988               | 4%       |
| Average retirement age    | -1 year | 24.055                            | 18.360                              | 42.415               | 5%       |
| Withdrawal Rate           | -50%    | 24.241                            | 18.360                              | 42.601               | 5%       |

## 4 EMPLOYEE BENEFITS (CONTINUED)

| Assumption                 | Change  | Current-service Cost | Interest Cost    | Total            | % change |
|----------------------------|---------|----------------------|------------------|------------------|----------|
| <b>Central Assumptions</b> |         | <b>1 952 800</b>     | <b>2 977 300</b> | <b>4 930 100</b> |          |
| Health care inflation      | 1%      | 2 406 000            | 3 472 900        | 5 878 900        | 19%      |
| Health care inflation      | -1%     | 1 601 500            | 2 574 700        | 4 176 200        | -15%     |
| Post-retirement mortality  | -1 year | 2 015 500            | 3 088 100        | 5 103 600        | 4%       |
| Average retirement age     | -1 year | 2 138 300            | 3 121 000        | 5 259 300        | 7%       |
| Withdrawal Rate            | -50%    | 2 251 800            | 3 144 900        | 5 396 700        | 9%       |

2013 2012

## 4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

671 673

Key actuarial assumptions used:

2013 2012  
% %

## i) Rate of interest

|  |       |       |
|--|-------|-------|
| Discount rate  | 7.33% | 6.49% |
| General Salary Inflation (long-term)                                       | 6.80% | 5.97% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.49% | 0.49% |

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

2013 2012  
R R

The amounts recognised in the Statement of Financial Position are as follows:

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Present value of fund obligations | 6 475 246        | 5 508 217        |
| <b>Net liability</b>              | <b>6 475 246</b> | <b>5 508 217</b> |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                        | 2011<br>R        | 2010<br>R        | 2009<br>R        |
|------------------------|------------------|------------------|------------------|
| <b>Total Liability</b> | <b>4 853 520</b> | <b>4 016 492</b> | <b>3 633 984</b> |
| <b>2013</b>            | <b>2012</b>      | <b>2011</b>      | <b>2010</b>      |

Experience adjustments were calculated as follows:

|                            |         |           |         |         |
|----------------------------|---------|-----------|---------|---------|
| Liabilities: (Gain) / loss | 410,669 | (102,179) | 102,483 | 119,898 |
| Assets: Gain / (loss)      | 0.000   | 0.000     | 0.000   | 0.000   |

## Reconciliation of present value of fund obligation:

|   | 2013<br>R        | 2012<br>R        |
|---|------------------|------------------|
| Present value of fund obligation at the beginning of the year | 5 508 217        | 4 853 520        |
| Total expenses  | 591 741          | 218 090          |
| Current service cost  | 650 245          | 617 827          |
| Interest Cost   | 344 142          | 354 111          |
| Benefits Paid   | (402 646)        | (753 848)        |
| Actuarial Loss / (Gain)                                       | 375 288          | 436 607          |
| Present value of fund obligation at the end of the year       | 6 475 246        | 5 508 217        |
| <b>Less:</b> Transfer of Current Portion - Note 7             | (707 399)        | (412 030)        |
| <b>Balance 30 June</b>  | <b>5 767 847</b> | <b>5 096 187</b> |

## Sensitivity Analysis on the Unfunded Accrued Liability

| Assumption               | Change  | Liability (Rm) | % change |
|--------------------------|---------|----------------|----------|
| Central assumptions      |         | 6 475          | -        |
| General salary inflation | 1.00%   | 6 928          | 7%       |
| General salary inflation | -1.00%  | 6 066          | -6%      |
| Average retirement age   | -2 yrs  | 5 518          | -15%     |
| Average retirement age   | +2 yrs  | 7 534          | 16%      |
| Withdrawal rates         | -50.00% | 7 800          | 20%      |

## 4 EMPLOYEE BENEFITS (CONTINUED)

| Assumption                 | Change   | Current-service Cost | Interest Cost  | Total          | % change |
|----------------------------|----------|----------------------|----------------|----------------|----------|
| <b>Central Assumptions</b> |          | <b>650 200</b>       | <b>344 100</b> | <b>994 300</b> |          |
| Health care inflation      | 1%       | 694 700              | 370 300        | 1 065 000      | 7%       |
| Health care inflation      | -1%      | 610 900              | 320 500        | 931 400        | -6%      |
| Post-retirement mortality  | -2 years | 544 200              | 290 800        | 835 000        | -16%     |
| Average retirement age     | +2 years | 719 100              | 401 800        | 1 120 900      | 13%      |
| Withdrawal Rate            | -50%     | 833 400              | 422 800        | 1 256 200      | 26%      |

## 4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

| <b>CAPE JOINT PENSION FUND</b>                                     | <b>Last Actuarial Valuation</b> | <b>Total Assets R'000</b> | <b>Total liabilities R'000</b> | <b>Contributing members</b> |
|--|---------------------------------|---------------------------|--------------------------------|-----------------------------|
| The contribution rate payable is 9% by members and 18% by Council. | June 2012                       | 3 014 878                 | 3 033 165                      | 1                           |

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).

Contributions paid recognised in the Statement of Financial Performance

|  |         |         |
|--|---------|---------|
|  | 103 716 | 103 369 |
|--|---------|---------|

| <b>CAPE RETIREMENT FUND</b>  | <b>Last Actuarial Valuation</b> | <b>Total Assets R'000</b> | <b>Total liabilities R'000</b> | <b>Contributing members</b> |
|--|---------------------------------|---------------------------|--------------------------------|-----------------------------|
| The contribution rate payable is 9% by members and 18% by Council. | June 2012                       | 10 775 599                | 10 783 579                     | 525                         |

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108.0% (30 June 2011 - 116.9%).

Contributions paid recognised in the Statement of Financial Performance

|  |            |            |
|--|------------|------------|
|  | 16 736 699 | 14 670 077 |
|--|------------|------------|

**DEFINED CONTRIBUTION FUNDS**

Council contributes to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

|   | <b>Last Actuarial Valuation</b> | <b>Total Assets R'000</b> | <b>Total liabilities R'000</b> | <b>Contributing members</b> |
|---|---------------------------------|---------------------------|--------------------------------|-----------------------------|
| <b>South African Local Authorities Pension Fund</b> | July 2010                       | 7 110 300                 | 7 417 900                      | 33                          |
| <b>Municipal Councillors Pension Fund</b>           | June 2006                       | 1 731 055                 | 1 731 055                      | 0                           |
| <b>SAMWU National Provident Fund</b>                | June 2007                       | 2 764 426                 | 2 764 426                      | 118                         |

Note: The results of the actuarial valuations dated 30 June 2008 for SAMWU National Provident Fund and 30 June 2009 for Municipal Councillors Pension Funds are not yet available.

Contributions paid recognised in the Statement of Financial Performance

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Sala Pension Fund                  | 1 108 197        | 1 034 388        |
| Municipal Councillors Pension Fund | -                | 5 575            |
| SAMWU National Provident Fund      | 2 681 411        | 2 595 532        |
|                                    | <b>3 789 608</b> | <b>3 635 496</b> |

|   |  |                   |                   |
|---|--|-------------------|-------------------|
| 5 | <b>NON-CURRENT PROVISIONS</b>                  | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
|   | Provision for Rehabilitation of Landfill-sites | 4 424 361         | 3 855 324         |
|   | <b>Total Non-current Provisions</b>            | <b>4 424 361</b>  | <b>3 855 324</b>  |

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow, within one year, is related to the McGregor site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Montagu, Bonnievale and Ashton

|   |                   |                   |
|---|-------------------|-------------------|
| <b><u>Landfill Sites</u></b>  | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
| Balance 1 July  | 4 387 785         | 3 866 699         |
| Contribution for the year   | 417 702           | 200 054           |
| Expenditure incurred (Interest)   | 265 054           | 321 032           |
| <b>Total provision 30 June</b>  | <b>5 070 541</b>  | <b>4 387 785</b>  |
| <b>Less:</b> Transfer of Current Portion to Current Provisions - Note 8 | (646 180)         | (532 461)         |
| <b>Balance 30 June</b>  | <b>4 424 361</b>  | <b>3 855 324</b>  |

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

|                            |           |            |          |           |
|----------------------------|-----------|------------|----------|-----------|
|                            | Montagu   | Bonnievale | McGregor | Ashton    |
| Area (m²)                  | 11 333    | 9 100      | 7 639    | 43 840    |
| Rehabilitation volume (m³) | 10 993    | 6 825      | 7 639    | 41 429    |
| Fence (m)                  |           |            |          |           |
| Total Cost                 | 1 153 953 | 402 111    | 646 180  | 2 868 299 |

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

|                        |   |  |
|------------------------|---|--|
| <b><u>Location</u></b> | <b><u>Estimated<br/>decommission<br/>date</u></b> | <b><u>Cost of<br/>rehabilitation</u></b> |
|                        |   | <b>2013<br/>R</b>                        |
| Montagu                | 2013  | 1 153 953                                |
| Bonnievale             | 2021  | 402 111                                  |
| McGregor               | 2012  | 646 180                                  |
| Ashton                 | 2014  | 2 868 299                                |

|   |  |                  |                  |
|---|--|------------------|------------------|
| 6 | <b>CONSUMER DEPOSITS</b>   |                  |                  |
|   | Municipal services   | 6 570 594        | 6 079 482        |
|   | <b>Total Consumer Deposits</b>                                   | <b>6 570 594</b> | <b>6 079 482</b> |
|   | <b>Guarantees held in lieu of Electricity and Water Deposits</b> | <b>2 388 361</b> | <b>2 313 674</b> |

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

|   |  |                   |                   |
|---|--|-------------------|-------------------|
| 7 | <b>CURRENT EMPLOYEE BENEFITS</b>                     |                   |                   |
|   | Current Portion of Post Retirement Benefits - Note 4 | 1 330 884         | 1 154 604         |
|   | Current Portion of Long-Service Provisions - Note 4  | 707 399           | 412 030           |
|   | Staff Leave  | 6 444 028         | 6 391 979         |
|   | Performance Bonuses                                  | 287 686           | 605 392           |
|   | Bonuses  | 3 292 640         | 3 041 415         |
|   | <b>Total Current Employee Benefits</b>               | <b>12 062 638</b> | <b>11 605 420</b> |

The movement in current employee benefits is reconciled as follows:

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| <b><u>Staff Leave</u></b>       |                  |                  |
| Balance at beginning of year    | 6 391 979        | 6 092 648        |
| Contribution to current portion | 2 262 335        | 2 125 486        |
| Expenditure incurred            | (2 210 286)      | (1 826 155)      |
| Balance at end of year          | <b>6 444 028</b> | <b>6 391 979</b> |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

|   |  |                   |                   |
|---|--|-------------------|-------------------|
| 7 | <b>CURRENT EMPLOYEE BENEFITS (CONTINUED)</b> | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
|   | <b><u>Performance Bonuses</u></b>            |                   |                   |
|   | Balance at beginning of year                 | 605 392           | 642 719           |
|   | Contribution / (Reversal) to current portion | (2 953)           | 497 748           |
|   | Expenditure incurred                         | (314 753)         | (535 075)         |
|   | Balance at end of year                       | <b>287 686</b>    | <b>605 392</b>    |

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

|                                 | 2013<br>R        | 2012<br>R        |
|---------------------------------|------------------|------------------|
| <b><u>Bonuses</u></b>           |                  |                  |
| Balance at beginning of year    | 3 041 415        | 2 706 104        |
| Contribution to current portion | 5 962 706        | 5 683 692        |
| Expenditure incurred            | (5 711 480)      | (5 348 381)      |
| Balance at end of year          | <b>3 292 640</b> | <b>3 041 415</b> |

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

|   |  |                  |                  |
|---|--|------------------|------------------|
| 8 | <b>PROVISIONS</b>  |                  |                  |
|   | SALA Pension Fund  | -                | 1 470 110        |
|   | Cape Joint Pension Fund                                      | 714 099          | 552 777          |
|   | Current Portion of Rehabilitation of Landfill-sites - Note 5 | 646 180          | 532 461          |
|   | <b>Total Provisions</b>                                      | <b>1 360 279</b> | <b>2 555 348</b> |

|  |                                 |             |                  |
|--|---------------------------------|-------------|------------------|
|  | <b><u>SALA Pension Fund</u></b> |             |                  |
|  | Balance at beginning of year    | 1 470 110   | 1 243 363        |
|  | Expenditure incurred (Interest) | 251 531     | 226 747          |
|  | Expenditure incurred            | (1 721 641) |                  |
|  | Balance at end of year          | <b>(0)</b>  | <b>1 470 110</b> |

|  |                                       |                |                |
|--|---------------------------------------|----------------|----------------|
|  | <b><u>Cape Joint Pension Fund</u></b> |                |                |
|  | Balance at beginning of year          | 552 777        | 505 370        |
|  | Expenditure incurred (Interest)       | 161 323        | 47 407         |
|  | Balance at end of year                | <b>714 099</b> | <b>552 777</b> |

|   |  |                   |                   |
|---|--|-------------------|-------------------|
| 9 | <b>PAYABLES FROM EXCHANGE TRANSACTIONS</b> |                   |                   |
|   | Trade Payables                             | 34 299 760        | 28 256 086        |
|   | Payments received in advance               | 3 154 434         | 3 044 723         |
|   | Retentions and Guarantees                  | 985 696           | 534 524           |
|   | Sundry Deposits                            | 2 335 404         | 2 203 439         |
|   | Sundry Creditors                           | 54 553            | 41 773            |
|   | <b>Total Trade Payables</b>                | <b>40 829 847</b> | <b>34 080 545</b> |

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and other general deposits.

| 10 | UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | 2013<br>R        | 2012<br>R        |
|----|--|------------------|------------------|
|    | <b>Unspent Grants</b>                              | 9 661 673        | 6 989 484        |
|    | National Government Grants                         | 156 196          | 1 720 321        |
|    | Provincial Government Grants                       | 8 485 418        | 4 249 106        |
|    | District Municipality                              | 1 020 058        | 1 020 058        |
|    | <b>Less: Unpaid Grants</b>                         | 250 000          | 0                |
|    | National Government Grants                         | 250 000          | 0                |
|    | Provincial Government Grants                       | 0                | 0                |
|    | District Municipality                              | -                | -                |
|    | <b>Total Conditional Grants and Receipts</b>       | <b>9 411 673</b> | <b>6 989 484</b> |

Reconciliation of total grants and receipts

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. Application was sent to National Treasury that the unspent grant at 30 June 2013 be taken up in the second adjustments budget of 2013/2014 financial year.

| 11   | UNSPENT PUBLIC CONTRIBUTIONS              |                |               |
|------|---|----------------|---------------|
| 11.1 | Silver Strand Home Owners Association     | 62 849         | 62 849        |
|      | Uitsig.Parmalat                           | 325 000        | -             |
|      | <b>Total Unspent Public Contributions</b> | <b>387 849</b> | <b>62 849</b> |

Reconciliation of public contributions

#### Silver Strand Home Owners Association

|   |               |               |
|---|---------------|---------------|
| Opening balance                         | 62 849        | 62 849        |
| Contributions received                  | -             | -             |
| Conditions met - Transferred to revenue | -             | -             |
| <b>Closing balance</b>                  | <b>62 849</b> | <b>62 849</b> |

The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.

|      |   |                |          |
|------|---|----------------|----------|
| 11.2 | <u>Uitsig.Parmalat</u>                  |                |          |
|      | Opening balance                         | -              | -        |
|      | Contributions received                  | 325 000        | -        |
|      | Conditions met - Transferred to revenue | -              | -        |
|      | <b>Closing balance</b>                  | <b>325 000</b> | <b>-</b> |

Parmalat contributed 325 000 to the municipality to be spent in the Uitsig Area.

| 12   | TAXES                               |                  |                  |
|------|-------------------------------------|------------------|------------------|
| 12.1 | <b>VAT PAYABLE</b>                  |                  |                  |
|      | VAT Payable                         | 228 011          | 965 755          |
|      | VAT output in suspense              | 6 199 905        | 5 747 575        |
|      | Less: Impairment of VAT receivables | (3 212 352)      | (2 910 965)      |
|      | <b>Total Vat payable</b>            | <b>3 215 564</b> | <b>3 802 365</b> |
| 12.2 | <b>VAT RECEIVABLE</b>               |                  |                  |
|      | VAT input in suspense               | 3 755 374        | 2 959 433        |
|      | <b>Total VAT receivable</b>         | <b>3 755 374</b> | <b>2 959 433</b> |
| 12.3 | <b>NET VAT RECEIVABLE/(PAYABLE)</b> | <b>539 810</b>   | <b>(842 932)</b> |

VAT is receivable/payable on the cash basis.

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2013

| Reconciliation<br>of<br>Carrying Value | Cost                                   |  |                              |                                |   |                                       |                               |                                 |  |   | Accumulated Depreciation and Impairment Losses |                            |                    |             |            |                         |             |                    |             |  | Carrying Value |
|--|--|--|------------------------------|--------------------------------|---|---------------------------------------|-------------------------------|---------------------------------|--|---|--|----------------------------|--------------------|-------------|------------|-------------------------|-------------|--------------------|-------------|--|----------------|
|  | Opening<br>Balance<br>Original<br>Cost | Opening<br>Balance<br>Residual<br>Values | Adjustments<br>Original Cost | Adjustments<br>Residual Values | Restated<br>Opening<br>Balance<br>Original Cost | Restated<br>Opening<br>Residual Value | Additions<br>Original<br>Cost | Additions<br>Residual<br>Values | Disposals /<br>Transfer<br>Original Cost | Disposals /<br>Transfer<br>Residual<br>Values | Adjustments                                    | Closing<br>Balance<br>Cost | Opening<br>Balance | Adjustments | Additions  | Disposals /<br>Transfer | Adjustments | Closing<br>Balance |             |  |                |
|  | R                                      | R  | R                            | R                              | R   | R                                     | R                             | R                               | R  | R   | R  | R                          | R                  | R           | R          | R                       | R           | R                  |             |  |                |
| Land and Buildings                     | 86 011 387                             | -  | -                            | -                              | 86 011 387                                      | -                                     | 3 639 741                     | -                               | -  | -   | (1 054 000)                                    | 88 597 129                 | 6 558 031          | (0)         | 623 235    | -                       | 0           | 7 181 267          | 81 415 862  |  |                |
| Land                                   | 54 843 579                             | -  | -                            | -                              | 54 843 579                                      | -                                     | 79 355                        | -                               | -  | -   | (1 054 000)                                    | 53 868 934                 | -                  | -           | -          | -                       | -           | -                  | 53 868 934  |  |                |
| Buildings                              | 31 167 808                             | -  | -                            | -                              | 31 167 808                                      | -                                     | 3 560 387                     | -                               | -  | -   | -  | 34 728 195                 | 6 558 031          | (0)         | 623 235    | -                       | 0           | 7 181 267          | 27 546 928  |  |                |
| Infrastructure                         | 347 643 132                            | -  | -                            | -                              | 347 643 132                                     | -                                     | 38 089 045                    | -                               | 1 842                                    | -   | (29 000)                                       | 385 701 335                | 82 583 891         | 3 331 913   | 9 173 204  | 1 445                   | (3 331 913) | 91 755 650         | 293 945 685 |  |                |
| Electricity                            | 95 058 942                             | -  | -                            | -                              | 95 058 942                                      | -                                     | 5 399 534                     | -                               | -  | -   | -  | 100 458 476                | 26 605 137         | 0           | 2 343 851  | -                       | (0)         | 28 948 988         | 71 509 488  |  |                |
| Housing                                | 7 339 851                              | -  | -                            | -                              | 7 339 851                                       | -                                     | -                             | -                               | -  | -   | (29 000)                                       | 7 310 851                  | 774 268            | -           | 120 317    | -                       | -           | 894 586            | 6 416 265   |  |                |
| Roads                                  | 102 076 609                            | -  | -                            | -                              | 102 076 609                                     | -                                     | 5 446 717                     | -                               | -  | -   | -  | 107 523 326                | 25 954 074         | -           | 3 164 137  | -                       | -           | 29 118 210         | 78 405 115  |  |                |
| Sewerage                               | 36 533 769                             | -  | -                            | -                              | 36 533 769                                      | -                                     | 741 749                       | -                               | -  | -   | -  | 37 275 518                 | 10 322 273         | 3 151 514   | 934 802    | -                       | (3 151 514) | 11 257 076         | 26 018 442  |  |                |
| Waste Management                       | 20 059 342                             | -  | -                            | -                              | 20 059 342                                      | -                                     | -                             | -                               | 1 842                                    | -   | -  | 20 057 500                 | 2 650 858          | 180 399     | 564 737    | 1 445                   | (180 399)   | 3 214 150          | 16 843 350  |  |                |
| Water                                  | 76 980 132                             | -  | -                            | -                              | 76 980 132                                      | -                                     | 7 131 935                     | -                               | -  | -   | -  | 84 112 067                 | 16 277 280         | -           | 2 045 359  | -                       | -           | 18 322 640         | 65 789 428  |  |                |
| Work in Progress                       | 9 594 487                              | -  | -                            | -                              | 9 594 487                                       | -                                     | 19 369 110                    | -                               | -  | -   | -  | 28 963 597                 | -                  | -           | -          | -                       | -           | -                  | 28 963 597  |  |                |
| Community Assets                       | 67 002 858                             | -  | -                            | -                              | 67 002 858                                      | -                                     | 4 803 793                     | -                               | -  | -   | (1 066 000)                                    | 70 740 651                 | 12 100 091         | 0           | 2 147 017  | -                       | (145 131)   | 14 101 976         | 56 638 675  |  |                |
| Airfield                               | 252 720                                | -  | -                            | -                              | 252 720   | -                                     | -                             | -                               | -  | -   | -  | 252 720                    | 19 920             | -           | 10 497     | -                       | -           | 30 416             | 222 303     |  |                |
| Cemeteries                             | 1 921 100                              | -  | -                            | -                              | 1 921 100                                       | -                                     | 50 639                        | -                               | -  | -   | -  | 1 971 739                  | 622 080            | -           | 177 287    | -                       | -           | 799 367            | 1 172 372   |  |                |
| Clinics                                | 5 593 337                              | -  | -                            | -                              | 5 593 337                                       | -                                     | -                             | -                               | -  | -   | (1 066 000)                                    | 4 527 337                  | 844 854            | -           | 55 182     | -                       | (145 131)   | 754 904            | 3 772 433   |  |                |
| Community halls                        | 11 533 927                             | -  | -                            | -                              | 11 533 927                                      | -                                     | 685 324                       | -                               | -  | -   | -  | 12 219 251                 | 1 606 259          | -           | 221 987    | -                       | -           | 1 828 246          | 10 391 005  |  |                |
| Fire, safety & emergency               | 761 145                                | -  | -                            | -                              | 761 145   | -                                     | -                             | -                               | -  | -   | -  | 761 145                    | 192 452            | -           | 37 215     | -                       | -           | 229 667            | 531 478     |  |                |
| Libraries                              | 3 835 495                              | -  | -                            | -                              | 3 835 495                                       | -                                     | 109 987                       | -                               | -  | -   | -  | 3 945 481                  | 1 942 212          | -           | 145 226    | -                       | -           | 2 087 438          | 1 858 044   |  |                |
| Museums & Art Galleries                | 616 241                                | -  | -                            | -                              | 616 241   | -                                     | -                             | -                               | -  | -   | -  | 616 241                    | 85 484             | -           | 10 219     | -                       | -           | 95 703             | 520 538     |  |                |
| Other                                  | 1 018 417                              | -  | -                            | -                              | 1 018 417                                       | -                                     | 16 082                        | -                               | -  | -   | -  | 1 034 499                  | 158 836            | -           | 28 681     | -                       | -           | 187 516            | 846 983     |  |                |
| Parks & Gardens                        | 11 667 545                             | -  | -                            | -                              | 11 667 545                                      | -                                     | 487 427                       | -                               | -  | -   | -  | 12 154 972                 | 1 229 726          | -           | 217 361    | -                       | -           | 1 447 086          | 10 707 886  |  |                |
| Recreation facilities                  | 1 993 311                              | -  | -                            | -                              | 1 993 311                                       | -                                     | -                             | -                               | -  | -   | -  | 1 993 311                  | 1 107 641          | -           | 90 211     | -                       | -           | 1 197 851          | 795 459     |  |                |
| Sport fields & stadia                  | 15 674 023                             | -  | -                            | -                              | 15 674 023                                      | -                                     | 642 882                       | -                               | -  | -   | -  | 16 316 905                 | 3 090 680          | 0           | 718 514    | -                       | (0)         | 3 809 195          | 12 507 711  |  |                |
| Swimming pools                         | 3 581 261                              | -  | -                            | -                              | 3 581 261                                       | -                                     | 23 934                        | -                               | -  | -   | -  | 3 605 195                  | 1 199 948          | -           | 160 401    | -                       | -           | 1 360 349          | 2 244 846   |  |                |
| Work in Progress                       | 8 554 338                              | -  | -                            | -                              | 8 554 338                                       | -                                     | 2 787 518                     | -                               | -  | -   | -  | 11 341 856                 | -                  | -           | 274 238    | -                       | -           | 274 238            | 11 067 618  |  |                |
| Leased Assets                          | 1 042 531                              | -  | -                            | -                              | 1 042 531                                       | -                                     | 2 400 744                     | -                               | 1 030 289                                | -   | -  | 2 412 985                  | 567 825            | -           | 109 845    | 660 730                 | -           | 16 940             | 2 396 045   |  |                |
| Office Equipment (Lease)               | 1 042 531                              | -  | -                            | -                              | 1 042 531                                       | -                                     | 2 400 744                     | -                               | 1 030 289                                | -   | -  | 2 412 985                  | 567 825            | -           | 109 845    | 660 730                 | -           | 16 940             | 2 396 045   |  |                |
| Other Assets                           | 44 198 884                             | 7 085 856                                | 913 759                      | -                              | 45 112 643                                      | 7 085 856                             | 4 942 320                     | 655 151                         | 182 346                                  | 2 000   | (913 762)                                      | 56 697 863                 | 21 103 672         | 913 760     | 4 199 786  | 23 106                  | (914 341)   | 25 279 771         | 31 418 091  |  |                |
| Computer hardware/equipment            | 6 285 713                              | -  | 3 465                        | -                              | 6 289 178                                       | -                                     | 924 611                       | 1                               | 16 151                                   | -   | (3 465)  | 7 194 174                  | 3 249 876          | 3 465       | 641 524    | 8 262                   | (3 465)     | 3 883 139          | 3 311 035   |  |                |
| Furniture & office equipment           | 5 362 090                              | 703 727                                  | 6 064                        | -                              | 5 368 154                                       | 703 727                               | 1 108 508                     | 4                               | 18 131                                   | -   | (6 064)  | 7 156 198                  | 1 934 877          | 6 064       | 857 047    | 1 786                   | (6 064)     | 2 790 139          | 4 366 060   |  |                |
| General Vehicles                       | 14 331 693                             | 4 170 655                                | 666 317                      | -                              | 14 998 010                                      | 4 170 655                             | 594 089                       | 655 145                         | -  | 2 000   | (666 320)                                      | 19 749 580                 | 7 754 890          | 666 319     | 1 161 347  | -                       | (666 320)   | 8 916 236          | 10 833 344  |  |                |
| Other                                  | 724 891                                | 66 424                                   | 210 781                      | -                              | 935 672   | 66 424                                | -                             | -                               | -  | -   | (210 781)                                      | 791 316                    | 365 178            | 210 780     | 50 220     | -                       | (210 781)   | 415 398            | 375 918     |  |                |
| Other Buildings                        | 1 139 382                              | -  | -                            | -                              | 1 139 382                                       | -                                     | -                             | -                               | -  | -   | -  | 1 139 382                  | 379 532            | -           | 67 302     | -                       | (579)       | 446 255            | 693 126     |  |                |
| Specialised Vehicles                   | 4 084 980                              | 976 050                                  | 20 000                       | -                              | 4 104 980                                       | 976 050                               | -                             | -                               | -  | -   | (20 000)                                       | 5 061 031                  | 1 571 081          | 20 000      | 314 885    | -                       | (20 000)    | 1 885 965          | 3 175 065   |  |                |
| Plant & Equipment                      | 12 270 135                             | 1 168 998                                | 7 131                        | -                              | 12 277 267                                      | 1 168 998                             | 2 315 112                     | 1                               | 148 064                                  | -   | (7 131)  | 15 606 183                 | 5 848 237          | 7 131       | 1 107 461  | 13 059                  | (7 131)     | 6 942 639          | 8 663 543   |  |                |
|  | 545 898 792                            | 7 085 856                                | 913 759                      | -                              | 546 812 551                                     | 7 085 856                             | 53 875 643                    | 655 151                         | 1 214 477                                | 2 000   | (3 062 762)                                    | 604 149 962                | 122 913 511        | 4 245 673   | 16 253 087 | 685 282                 | (4 391 385) | 138 335 604        | 465 814 358 |  |                |

## 13 PROPERTY, PLANT AND EQUIPMENT

## 13.2 30 JUNE 2012

| Reconciliation<br>of<br>Carrying Value | Cost                                   |  |                              |                                |   |                                       |                            |                              |  |  |             | Accumulated Depreciation and Impairment Losses |                    |                  |                   |                         |                |                    | Carrying Value     |
|--|--|--|------------------------------|--------------------------------|---|---------------------------------------|----------------------------|------------------------------|--|--|-------------|--|--------------------|------------------|-------------------|-------------------------|----------------|--------------------|--------------------|
|  | Opening<br>Balance<br>Original<br>Cost | Opening<br>Balance<br>Residual<br>Values | Adjustments<br>Original Cost | Adjustments<br>Residual Values | Restated<br>Opening<br>Balance<br>Original Cost | Restated<br>Opening<br>Residual Value | Additions<br>Original Cost | Additions<br>Residual Values | Disposals /<br>Transfer<br>Original Cost | Disposals /<br>Transfer<br>Residual Values | Adjustments | Closing<br>Balance<br>Cost                     | Opening<br>Balance | Adjustments      | Additions         | Disposals /<br>Transfer | Adjustments    | Closing<br>Balance |                    |
|  | R                                      | R  | R                            | R                              | R   | R                                     | R                          | R                            | R  | R  | R           | R  | R                  | R                | R                 | R                       | R              | R                  | R                  |
| <b>Land and Buildings</b>              | <b>82 872 084</b>                      | -  | <b>2 109 500</b>             | -                              | <b>84 981 584</b>                               | -                                     | <b>1 079 801</b>           | -                            | <b>50 000</b>                            | -  | -           | <b>86 011 385</b>                              | <b>5 567 393</b>   | -                | <b>990 638</b>    | -                       | -              | <b>6 558 031</b>   | <b>79 453 354</b>  |
| Land                                   | 52 784 077                             | -  | 2 109 500                    | -                              | 54 893 577                                      | -                                     | -                          | -                            | 50 000                                   | -  | -           | 54 843 577                                     | -                  | -                | -                 | -                       | -              | -                  | 54 843 577         |
| Buildings                              | 30 088 007                             | -  | -                            | -                              | 30 088 007                                      | -                                     | 1 079 801                  | -                            | -  | -  | -           | 31 167 808                                     | 5 567 393          | -                | 990 638           | -                       | -              | 6 558 031          | 24 609 777         |
| <b>Infrastructure</b>                  | <b>324 996 746</b>                     | -  | -                            | -                              | <b>324 996 746</b>                              | -                                     | <b>22 660 386</b>          | -                            | <b>14 000</b>                            | -  | -           | <b>347 643 132</b>                             | <b>73 229 399</b>  | <b>3 218 170</b> | <b>9 354 492</b>  | <b>66 657</b>           | <b>180 399</b> | <b>85 915 804</b>  | <b>261 727 328</b> |
| Electricity                            | 92 281 672                             | -  | -                            | -                              | 92 281 672                                      | -                                     | 2 777 270                  | -                            | -  | -  | -           | 95 058 942                                     | 23 839 970         | -                | 2 765 167         | -                       | -              | 26 605 137         | 68 453 805         |
| Housing                                | 6 695 351                              | -  | -                            | -                              | 6 695 351                                       | -                                     | 658 500                    | -                            | 14 000                                   | -  | -           | 7 339 851                                      | 653 911            | -                | 120 358           | -                       | -              | 774 268            | 6 565 582          |
| Roads                                  | 95 594 522                             | -  | -                            | -                              | 95 594 522                                      | -                                     | 6 482 087                  | -                            | -  | -  | -           | 102 076 609                                    | 22 855 258         | -                | 3 098 816         | -                       | -              | 25 954 074         | 76 122 535         |
| Sewerage                               | 36 250 777                             | -  | -                            | -                              | 36 250 777                                      | -                                     | 282 992                    | -                            | -  | -  | -           | 36 533 769                                     | 9 355 297          | 3 218 170        | 966 976           | 66 657                  | -              | 13 473 787         | 23 059 982         |
| Waste Management                       | 16 309 623                             | -  | -                            | -                              | 16 309 623                                      | -                                     | 3 749 719                  | -                            | -  | -  | -           | 20 059 342                                     | 2 230 066          | -                | 420 792           | -                       | 180 399        | 2 831 257          | 17 228 084         |
| Water                                  | 75 147 396                             | -  | -                            | -                              | 75 147 396                                      | -                                     | 1 832 736                  | -                            | -  | -  | -           | 76 980 132                                     | 14 294 897         | -                | 1 982 383         | -                       | -              | 16 277 282         | 60 702 852         |
| Work in Progress                       | 2 717 405                              | -  | -                            | -                              | 2 717 405                                       | -                                     | 6 877 082                  | -                            | -  | -  | -           | 9 594 487                                      | -                  | -                | -                 | -                       | -              | -                  | 9 594 487          |
| <b>Community Assets</b>                | <b>61 203 344</b>                      | -  | <b>(939 000)</b>             | -                              | <b>60 264 344</b>                               | -                                     | <b>6 743 513</b>           | -                            | <b>5 000</b>                             | -  | -           | <b>67 002 858</b>                              | <b>10 427 255</b>  | <b>(80 278)</b>  | <b>1 753 114</b>  | -                       | -              | <b>12 100 091</b>  | <b>54 902 767</b>  |
| Airfield                               | 154 684                                | -  | -                            | -                              | 154 684   | -                                     | 98 036                     | -                            | -  | -  | -           | 252 720  | 11 390             | -                | 8 530             | -                       | -              | 19 920             | 232 800            |
| Cemeteries                             | 1 773 175                              | -  | -                            | -                              | 1 773 175                                       | -                                     | 147 925                    | -                            | -  | -  | -           | 1 921 100                                      | 448 259            | -                | 173 821           | -                       | -              | 622 080            | 1 299 020          |
| Clinics                                | 5 593 337                              | -  | -                            | -                              | 5 593 337                                       | -                                     | -                          | -                            | -  | -  | -           | 5 593 337                                      | 789 671            | -                | 55 183            | -                       | -              | 844 854            | 4 748 483          |
| Community halls                        | 11 533 927                             | -  | -                            | -                              | 11 533 927                                      | -                                     | -                          | -                            | -  | -  | -           | 11 533 927                                     | 1 384 859          | -                | 221 400           | -                       | -              | 1 606 259          | 9 927 667          |
| Fire, safety & emergency               | 761 145                                | -  | -                            | -                              | 761 145   | -                                     | -                          | -                            | -  | -  | -           | 761 145  | 155 233            | -                | 37 219            | -                       | -              | 192 452            | 568 692            |
| Libraries                              | 3 835 495                              | -  | -                            | -                              | 3 835 495                                       | -                                     | -                          | -                            | -  | -  | -           | 3 835 495                                      | 1 783 004          | -                | 159 208           | -                       | -              | 1 942 212          | 1 893 283          |
| Museums & Art Galleries                | 1 551 136                              | (939 000)                                | -                            | -                              | 612 136   | -                                     | 4 105                      | -                            | -  | -  | -           | 616 241  | 155 622            | (80 278)         | 10 139            | -                       | -              | 85 484             | 530 757            |
| Other                                  | 1 018 417                              | -  | -                            | -                              | 1 018 417                                       | -                                     | -                          | -                            | -  | -  | -           | 1 018 417                                      | 129 225            | -                | 29 611            | -                       | -              | 158 836            | 859 581            |
| Parks & Gardens                        | 11 486 659                             | -  | -                            | -                              | 11 486 659                                      | -                                     | 185 886                    | -                            | 5 000                                    | -  | -           | 11 667 545                                     | 1 014 547          | -                | 215 179           | -                       | -              | 1 229 725          | 10 437 820         |
| Recreation facilities                  | 1 993 311                              | -  | -                            | -                              | 1 993 311                                       | -                                     | -                          | -                            | -  | -  | -           | 1 993 311                                      | 1 017 408          | -                | 90 233            | -                       | -              | 1 107 641          | 885 670            |
| Sport fields & stadia                  | 13 673 021                             | -  | -                            | -                              | 13 673 021                                      | -                                     | 2 001 002                  | -                            | -  | -  | -           | 15 674 023                                     | 2 459 399          | -                | 631 281           | -                       | -              | 3 090 680          | 12 583 343         |
| Swimming pools                         | 3 329 040                              | -  | -                            | -                              | 3 329 040                                       | -                                     | 252 221                    | -                            | -  | -  | -           | 3 581 261                                      | 1 078 637          | -                | 121 311           | -                       | -              | 1 199 948          | 2 381 313          |
| Work in Progress                       | 4 500 000                              | -  | -                            | -                              | 4 500 000                                       | -                                     | 4 054 338                  | -                            | -  | -  | -           | 8 554 338                                      | -                  | -                | -                 | -                       | -              | -                  | 8 554 338          |
| <b>Leased Assets</b>                   | <b>1 042 531</b>                       | -  | -                            | -                              | <b>1 042 531</b>                                | -                                     | -                          | -                            | -  | -  | -           | <b>1 042 531</b>                               | <b>457 929</b>     | -                | <b>109 895</b>    | -                       | -              | <b>567 825</b>     | <b>474 706</b>     |
| Office Equipment (Lease)               | 1 042 531                              | -  | -                            | -                              | 1 042 531                                       | -                                     | -                          | -                            | -  | -  | -           | 1 042 531                                      | 457 929            | -                | 109 895           | -                       | -              | 567 825            | 474 706            |
| <b>Other Assets</b>                    | <b>39 361 170</b>                      | <b>5 549 994</b>                         | -                            | -                              | <b>39 361 170</b>                               | <b>5 549 994</b>                      | <b>6 270 374</b>           | <b>1 535 862</b>             | <b>518 898</b>                           | -  | -           | <b>52 198 501</b>                              | <b>17 697 006</b>  | <b>913 762</b>   | <b>4 295 725</b>  | <b>889 060</b>          | -              | <b>22 017 433</b>  | <b>30 181 068</b>  |
| Computer hardware/equipment            | 4 814 368                              | -  | -                            | -                              | 4 814 368                                       | -                                     | 1 687 007                  | -                            | 212 197                                  | -  | -           | 6 289 178                                      | 2 513 336          | 3 465            | 880 498           | 143 958                 | -              | 3 253 341          | 3 035 837          |
| Furniture & office equipment           | 3 603 237                              | -  | -                            | -                              | 3 603 237                                       | -                                     | 1 784 728                  | 703 727                      | 19 811                                   | -  | -           | 6 071 882                                      | 1 416 426          | 6 064            | 537 034           | 18 583                  | -              | 1 940 942          | 4 130 940          |
| General Vehicles                       | 14 379 539                             | 3 447 818                                | -                            | -                              | 14 379 539                                      | 3 447 818                             | 676 369                    | 722 837                      | 57 895                                   | -  | -           | 19 168 668                                     | 7 054 515          | 666 320          | 1 165 454         | 465 079                 | -              | 8 421 210          | 10 747 458         |
| Other                                  | 923 041                                | 66 424                                   | -                            | -                              | 923 041   | 66 424                                | 12 631                     | -                            | -  | -  | -           | 1 002 096                                      | 325 891            | 210 781          | 72 703            | 33 415                  | -              | 575 959            | 426 137            |
| Other Buildings                        | 1 029 864                              | -  | -                            | -                              | 1 029 864                                       | -                                     | 109 518                    | -                            | -  | -  | -           | 1 139 382                                      | 286 658            | -                | 92 874            | -                       | -              | 379 532            | 759 849            |
| Specialised Vehicles                   | 4 104 980                              | 976 050                                  | -                            | -                              | 4 104 980                                       | 976 050                               | -                          | -                            | -  | -  | -           | 5 081 031                                      | 1 281 402          | 20 000           | 307 183           | 17 504                  | -              | 1 591 081          | 3 489 950          |
| Plant & Equipment                      | 10 506 141                             | 1 059 701                                | -                            | -                              | 10 506 141                                      | 1 059 701                             | 2 000 122                  | 109 297                      | 228 995                                  | -  | -           | 13 446 265                                     | 4 818 778          | 7 131            | 1 239 980         | 210 521                 | -              | 5 855 368          | 7 590 897          |
|  | <b>509 475 875</b>                     | <b>5 549 994</b>                         | <b>1 170 500</b>             | -                              | <b>510 646 375</b>                              | <b>5 549 994</b>                      | <b>36 754 075</b>          | <b>1 535 862</b>             | <b>587 898</b>                           | -  | -           | <b>553 898 407</b>                             | <b>107 378 983</b> | <b>4 051 654</b> | <b>16 503 864</b> | <b>955 716</b>          | <b>180 399</b> | <b>127 159 184</b> | <b>426 739 223</b> |

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

**Assets pledged as security:**

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

Impairment Reversals were identified during the reporting period. Refer to Note 34.

14 INVESTMENT PROPERTY

**Net Carrying amount at 1 July**

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| <b>Net Carrying amount at 1 July</b>                                    | <b>27 014 467</b> | <b>27 347 336</b> |
| Cost  | 28 598 905        | 28 880 905        |
| Under Construction  | -                 | -                 |
| Accumulated Depreciation  | (1 584 438)       | (1 533 569)       |
| Accumulated Impairment  | -                 | -                 |
| Acquisitions  | -                 | -                 |
| Disposals   | (14 000)          | (1 000)           |
| Depreciation for the year   | (49 329)          | (50 869)          |
| Impairment  | -                 | -                 |
| Transfers to Inventory - cost   | -                 | -                 |
| Transfers to Inventory - accumulated depreciation                       | -                 | -                 |
| Transfers Assets Held for Sale  | -                 | (281 000)         |
| Transfers from Property, Plant and equipment - cost                     | -                 | -                 |
| Transfers from Property, Plant and equipment - accumulated depreciation | -                 | -                 |

**Net Carrying amount at 30 June**

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
|                          | <b>26 951 138</b> | <b>27 014 467</b> |
| Cost                     | 28 584 905        | 28 598 905        |
| Accumulated Depreciation | (1 633 767)       | (1 584 438)       |
| Accumulated Impairment   | -                 | -                 |

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property

Operating expenditure incurred on properties

|           |           |
|-----------|-----------|
| 994 542   | 577 493   |
| 3 437 020 | 3 466 881 |

| 15 | INTANGIBLE ASSETS                     | 2013<br>R      | 2012<br>R      |
|----|---------------------------------------|----------------|----------------|
|    | <b>Computer Software</b>              |                |                |
|    | <b>Net Carrying amount at 1 July</b>  | <b>516 048</b> | <b>861 642</b> |
|    | Cost                                  | 2 560 071      | 2 186 905      |
|    | Accumulated Amortisation              | (2 044 023)    | (1 325 263)    |
|    | Accumulated Impairment                | -              | -              |
|    | Acquisitions                          | 39 145         | 373 165        |
|    | Amortisation                          | (251 335)      | (718 760)      |
|    | Impairments                           | -              | -              |
|    | Disposals                             | -              | -              |
|    | <b>Net Carrying amount at 30 June</b> | <b>303 858</b> | <b>516 048</b> |
|    | Cost                                  | 2 599 216      | 2 560 071      |
|    | Accumulated Amortisation              | (2 295 358)    | (2 044 023)    |
|    | Accumulated Impairment                | -              | -              |

The following material intangible assets are included in the carrying value above

| Description      | Remaining Amortisation<br>Period | Carrying Value |           |
|------------------|----------------------------------|----------------|-----------|
|                  |                                  | 2013<br>R      | 2012<br>R |
| Microsoft Office | 2                                | 303 858        | 516 048   |

No intangible asset was assessed having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

| 16 | HERITAGE ASSETS                                  | R              | R              |
|----|--|----------------|----------------|
|    | <b>Net Carrying amount at 1 July</b>             | <b>939 000</b> | <b>939 000</b> |
|    | Acquisitions                                     | -              | -              |
|    | Disposals  | -              | -              |
|    | Impairments                                      | -              | -              |
|    | Reversal of Impairment losses                    | -              | -              |
|    | Transfers from Property, Plant and equipment     | -              | -              |
|    | <b>Net Carrying amount at 30 June</b>            | <b>939 000</b> | <b>939 000</b> |
|    | Cost   | 939 000        | 939 000        |
|    | Accumulated Impairment                           | -              | -              |
|    | <b>Balance previously reported</b>               |                | -              |
|    | Change in accounting policy - Refer to note 39.1 |                | 939 000        |
|    |  |                | <b>939 000</b> |

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

**Third party payments received for losses and impairments incurred:**

|  |   |   |
|--|---|---|
| Payments received (Excluding VAT)                    | - | - |
| Carrying value of assets written off/lost/impairment | - | - |
| Surplus/Deficit                                      | - | - |

| 17 | CAPITALISED RESTORATION COST          | 2013<br>R      | 2012<br>R      |
|----|---------------------------------------|----------------|----------------|
|    | <b>Net Carrying amount at 1 July</b>  | <b>200 054</b> | <b>295 847</b> |
|    | Cost                                  | 4 008 921      | 3 808 867      |
|    | Accumulated Depreciation              | (3 808 867)    | (3 513 020)    |
|    | Accumulated Impairments               | -              | -              |
|    | Acquisitions / Additions              | 417 703        | 200 054        |
|    | Under Construction - Cost             | -              | -              |
|    | Disposals                             | -              | -              |
|    | Depreciation for the year             | (200 054)      | (295 847)      |
|    | Impairment for the year               | -              | -              |
|    | <b>Net Carrying amount at 30 June</b> | <b>417 704</b> | <b>200 054</b> |
|    | Cost                                  | 4 426 625      | 4 008 921      |
|    | Accumulated Depreciation              | (4 008 921)    | (3 808 867)    |
|    | Accumulated Impairments               | -              | -              |

18 NON-CURRENT INVESTMENTS

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Listed Investments                   | 12 420        | 9 653         |
| Unlisted Investments                 | 78 197        | 41 896        |
| <b>Total Non-Current Investments</b> | <b>90 617</b> | <b>51 549</b> |

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares. The listed shares represent 270 Sanlam Shares and Unlisted Shares represent 1028 KVV Shares and 10275 Capevin Shares held at fair value, available for sale.

|  |       |       |
|--|-------|-------|
| The market value per share at year end: Sanlam Shares  | 46.00 | 35.75 |
| The market value per share at year end: KVV Shares     | 9.10  | 10.27 |
| The market value per share at year end: Capevin Shares | 6.70  | 3.05  |

19 LONG-TERM RECEIVABLES

|   | 2013<br>R           | 2012<br>R          |
|---|---------------------|--------------------|
| Provincial Government Housing Loans - At amortised cost         | 3 137 775           | 3 053 281          |
| Staff Study loans - At amortised cost                           | 35 144              | 35 144             |
| Services connections - At amortised cost                        | 510 299             | 697 492            |
| Land Sales - At amortised cost                                  | 1 146 492           | 626 775            |
| Short-term Installments   | 118 653             | 126 582            |
| Agreements with Consumer Debtors                                | 12 370 617          | 9 742 612          |
|   | 17 318 979          | 14 281 886         |
| <b>Less:</b> Current portion transferred to current receivables | <b>(1 496 547)</b>  | <b>(2 167 412)</b> |
|   | 15 822 432          | 12 114 474         |
| <b>Less:</b> Provision for Impairment                           | <b>(12 370 617)</b> | <b>(9 742 612)</b> |
| <b>Total Long Term Receivables</b>                              | <b>3 451 815</b>    | <b>2 371 861</b>   |

HOUSING LOANS

The Provincial Government Housing Loans are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

SERVICES CONNECTIONS

The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

LAND SALES

The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

AGREEMENTS WITH CONSUMER DEBTORS

The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

Reconciliation of Provision for Bad Debts

|   |                   |                  |
|---|-------------------|------------------|
| Balance at beginning of year                      | 9 742 612         | 11 247 903       |
| Contribution to provision/(Reversal of provision) | 2 628 004         | (1 505 290)      |
| Bad Debts Written Off                             | -                 | -                |
| <b>Balance at end of year</b>                     | <b>12 370 617</b> | <b>9 742 612</b> |

20 NON-CURRENT ASSETS HELD FOR SALE

|                    |                  |                  |
|--------------------|------------------|------------------|
| Land and Buildings | 3 460 209        | 1 464 340        |
|                    | <b>3 460 209</b> | <b>1 464 340</b> |

The disposal group consists of residential and commercial sites throughout the entire Municipal area. It has been made available in public.

21 INVENTORY

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Maintenance Materials - At cost | 10 233 564        | 9 670 416         |
| Compost – at cost               | -                 | 58 840            |
| Water – at cost                 | 69 035            | 79 503            |
| Low Cost Housing                | 11 376 728        | 3 535 320         |
| <b>Total Inventory</b>          | <b>21 679 328</b> | <b>13 344 079</b> |

Balance previously reported

|  |  |                   |
|--|--|-------------------|
| Correction of error - Refer to note 40.5 |  | 13 179 204        |
|  |  | 164 875           |
|  |  | <b>13 344 079</b> |

|  |        |        |
|--|--------|--------|
| Consumable stores materials written down due to damages as identified during the annual stores counts. | 24 257 | 72 268 |
|--|--------|--------|

|   |       |        |
|---|-------|--------|
| Consumable stores materials surpluses identified during the annual stores counts. | 2 420 | 69 249 |
|---|-------|--------|

|  |           |            |
|--|-----------|------------|
| Inventory recognised as an expense during the year | 7 565 193 | 16 670 838 |
|--|-----------|------------|

|  |        |         |
|--|--------|---------|
| Write down of inventory to the lower of Cost or Net Realisable Value | 50 298 | 112 182 |
|--|--------|---------|

22

**RECEIVABLES FROM EXCHANGE TRANSACTIONS**

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| Electricity   | 17 751 185        | 16 927 578        |
| Water   | 5 251 522         | 5 798 032         |
| Refuse  | 3 016 454         | 2 811 464         |
| Sewerage  | 3 838 384         | 3 580 952         |
| Housing Rentals   | 534 340           | 613 768           |
| Other Receivables                                       | 712 836           | 5 571 604         |
| Other   | 13 380 318        | 13 047 368        |
| <b>Total Receivables from Exchange Transactions</b>     | <b>44 485 037</b> | <b>48 350 767</b> |
| Less: Provision for Impairment                          | (13 175 944)      | (13 816 530)      |
| <b>Total Net Receivables from Exchange Transactions</b> | <b>31 309 093</b> | <b>34 534 238</b> |
| <b>Balance previously reported</b>                      |                   | <b>28 483 006</b> |
| Correction of error - Refer to note 40.4                |                   | 6 051 231         |
|   |                   | <b>34 534 238</b> |

Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions:

**(Electricity): Ageing**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Current (0 - 30 days) | 15 092 661        | 14 032 090        |
| 31 - 60 Days          | 447 312           | 471 116           |
| 61 - 90 Days          | 268 175           | 347 838           |
| + 90 Days             | 1 943 036         | 2 076 535         |
| <b>Total</b>          | <b>17 751 185</b> | <b>16 927 578</b> |

**(Water): Ageing**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Current (0 - 30 days) | 2 628 603        | 2 000 217        |
| 31 - 60 Days          | 409 975          | 357 309          |
| 61 - 90 Days          | 260 791          | 239 797          |
| + 90 Days             | 1 952 153        | 3 200 710        |
| <b>Total</b>          | <b>5 251 522</b> | <b>5 798 032</b> |

**(Refuse): Ageing**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Current (0 - 30 days) | 1 101 973        | 861 268          |
| 31 - 60 Days          | 178 830          | 124 113          |
| 61 - 90 Days          | 129 569          | 103 420          |
| + 90 Days             | 1 606 081        | 1 722 664        |
| <b>Total</b>          | <b>3 016 454</b> | <b>2 811 464</b> |

**(Sewerage): Ageing**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Current (0 - 30 days) | 1 385 226        | 1 061 194        |
| 31 - 60 Days          | 231 905          | 157 498          |
| 61 - 90 Days          | 166 485          | 131 726          |
| + 90 Days             | 2 054 768        | 2 230 534        |
| <b>Total</b>          | <b>3 838 384</b> | <b>3 580 952</b> |

**(Other): Ageing**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Current (0 - 30 days) | 12 923 892        | 17 449 915        |
| 31 - 60 Days          | 116 527           | 70 163            |
| 61 - 90 Days          | 50 237            | 71 115            |
| + 90 Days             | 1 536 838         | 1 641 547         |
| <b>Total</b>          | <b>14 627 494</b> | <b>19 232 740</b> |

**(Total): Ageing**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Current (0 - 30 days) | 33 132 356        | 35 404 683        |
| 31 - 60 Days          | 1 384 549         | 1 180 198         |
| 61 - 90 Days          | 875 257           | 893 897           |
| + 90 Days             | 9 092 876         | 10 871 990        |
| <b>Total</b>          | <b>44 485 037</b> | <b>48 350 767</b> |

**Reconciliation of Provision for Bad Debts**

|   |                   |                   |
|---|-------------------|-------------------|
| Balance at beginning of year                      | 13 816 530        | 11 494 510        |
| Contribution to provision/(Reversal of provision) | 5 960 446         | 3 776 344         |
| Bad Debts Written Off                             | (6 601 032)       | (1 454 324)       |
| <b>Balance at end of year</b>                     | <b>13 175 944</b> | <b>13 816 530</b> |

The Provision for Impairment could be allocated between the different classes of receivables as follows:

|             |                   |                   |
|-------------|-------------------|-------------------|
| Electricity | 3 427 705         | 3 617 461         |
| Water       | 3 162 953         | 3 582 573         |
| Refuse      | 2 062 827         | 1 978 608         |
| Sewerage    | 2 676 799         | 2 573 144         |
| Other       | 1 845 660         | 2 064 745         |
|             | <b>13 175 944</b> | <b>13 816 530</b> |

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

23 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| Rates   | 7 244 039         | 6 893 255         |
| Other Receivables   | 5 666 330         | 5 372 946         |
| Accrued Interest  | 301 184           | 728 854           |
| Availability charges  | 4 318 684         | 3 662 547         |
| Other   | 1 046 463         | 981 546           |
| <b>Total Receivables from Non-Exchange Transactions</b>     | <b>12 910 369</b> | <b>12 266 201</b> |
| Less: Provision for Impairment                              | (9 280 550)       | (8 303 896)       |
| <b>Total Net Receivables from Non-Exchange Transactions</b> | <b>3 629 819</b>  | <b>3 962 306</b>  |

Trade Receivables with a total outstanding balance of R 12 370 617 (2012 - R 9 742 612) have arranged to settle their account over a re-negotiated period. The total value have been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

**(Rates): Ageing**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Current (0 - 30 days) | 1 912 323        | 2 239 915        |
| 31 - 60 Days          | 192 336          | 198 918          |
| 61 - 90 Days          | 168 148          | 180 236          |
| + 90 Days             | 4 971 233        | 4 274 186        |
| <b>Total</b>          | <b>7 244 039</b> | <b>6 893 255</b> |

**Reconciliation of Provision for Bad Debts**

|   |                  |                  |
|---|------------------|------------------|
| Balance at beginning of year                      | 8 303 896        | 6 063 412        |
| Contribution to provision/(Reversal of provision) | 976 655          | 2 240 483        |
| Bad Debts Written Off                             | -                | -                |
| <b>Balance at end of year</b>                     | <b>9 280 550</b> | <b>8 303 896</b> |

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

24 OPERATING LEASE ARRANGEMENTS

**The Municipality as Lessor (Asset)**

|  |                |               |
|--|----------------|---------------|
| <b>Balance on 1 July</b>   | 70 021         | 58 063        |
| Movement during the year   | 57 509         | 11 958        |
| <b>Balance on 30 June</b>  | <b>127 530</b> | <b>70 021</b> |
| <b>Balance previously reported (Note 24)</b>   |                | 32 641        |
| Correction of Error: Lease Contracts not included in Lease Register 2010/2011 - Refer to note 40.2 |                | 25 422        |
| Previous Movement  |                | 4 278         |
| Correction of Error: Lease Contracts not included in Lease Register 2011/2012 - Refer to note 40.2 |                | 9 019         |
| Correction of Error Lease Agreements cancelled in 2011/2012 - Refer to note 40.2                   |                | (1 338)       |
|  |                | <b>70 021</b> |

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

|   |                  |                |
|---|------------------|----------------|
| Up to 1 Year                              | 889 487          | 463 022        |
| 1 to 5 Years                              | 817 843          | 326 802        |
| More than 5 Years                         | 688              | -              |
| <b>Total Operating Lease Arrangements</b> | <b>1 708 017</b> | <b>789 824</b> |

This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

25 CASH AND CASH EQUIVALENTS

**Assets**

|   |                   |                   |
|---|-------------------|-------------------|
| Call Investments Deposits                       | 60 000 000        | 70 000 000        |
| Bank Accounts                                   | 11 274 412        | 3 906 756         |
| Cash Floats                                     | 7 717             | 8 427             |
| <b>Total Cash and Cash Equivalents - Assets</b> | <b>71 282 129</b> | <b>73 915 183</b> |

**Liabilities**

|  |          |          |
|--|----------|----------|
| Primary Bank Account                                 | -        | -        |
| <b>Total Cash and Cash Equivalents - Liabilities</b> | <b>-</b> | <b>-</b> |

25 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Municipality do not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

| <u>Current Accounts</u> | 2013<br>R         | 2012<br>R        |
|-------------------------|-------------------|------------------|
| Primary Bank account    | 11 272 112        | 3 904 456        |
| Traffic bank account    | 2 300             | 2 300            |
|                         | <b>11 274 412</b> | <b>3 906 756</b> |

Traffic account is cleared daily to Primary Bank Account.

**Primary Bank account** Montagu ABSA - Account Number 1050 000 008

|  |                   |                  |
|--|-------------------|------------------|
| Cash book balance at beginning of year | 3 904 456         | 18 058 847       |
| Cash book balance at end of year       | <b>11 272 112</b> | <b>3 904 456</b> |

|   |                   |                  |
|---|-------------------|------------------|
| Bank statement balance at beginning of year | 3 671 466         | 10 285 753       |
| Bank statement balance at end of year       | <b>11 377 775</b> | <b>3 671 466</b> |

**Traffic bank account** Montagu ABSA - Account Number 406 272 8351

|  |              |              |
|--|--------------|--------------|
| Cash book balance at beginning of year | 2 300        | 2 300        |
| Cash book balance at end of year       | <b>2 300</b> | <b>2 300</b> |

|   |              |              |
|---|--------------|--------------|
| Bank statement balance at beginning of year | 1 400        | 2 300        |
| Bank statement balance at end of year       | <b>1 250</b> | <b>1 400</b> |

Call Investment Deposits

Call investment deposits consist of the following accounts:

|               |                                     |                   |                   |
|---------------|-------------------------------------|-------------------|-------------------|
| ABSA          | Account Number 20 72488246          | -                 | 15 000 000        |
| Investec      | Account Number 458195               | 30 000 000        | 25 000 000        |
| Nedbank       | Account Number 03/7881034971/000008 | 30 000 000        | -                 |
| Standard Bank | Account Number 288467698            | -                 | 30 000 000        |
|               |                                     | <b>60 000 000</b> | <b>70 000 000</b> |

26 PROPERTY RATES

Actual

**Rateable Land and Buildings**

|   |                   |                   |
|---|-------------------|-------------------|
| Residential, Commercial Property, State | 37 064 317        | 34 782 852        |
| Less: Rebates                           | (7 257 616)       | (6 833 202)       |
| <b>Total Assessment Rates</b>           | <b>29 806 702</b> | <b>27 949 649</b> |

Valuations

**Rateable Land and Buildings**

|                               |                       |                       |
|-------------------------------|-----------------------|-----------------------|
| Residential                   | 4 611 761 996         | 4 265 248 464         |
| Agricultural                  | 4 714 599 086         | 4 865 388 010         |
| Government                    | 241 355 315           | 240 320 315           |
| Business & Commercial         | 1 201 736 273         | 1 575 498 956         |
| Municipal                     | 345 084 024           | 394 976 614           |
| Exempt Properties             | 302 544 424           | 195 108 304           |
| <b>Total Assessment Rates</b> | <b>11 417 081 118</b> | <b>11 536 540 663</b> |

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2011.

**Rates:**

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Residential                         | 0.0043c/R | 0.0040c/R |
| Commercial, Industrial & Government | 0.0063c/R | 0.0059c/R |
| Public Benefit Organisations        | 0.0010c/R | 0.0010c/R |
| Agricultural                        | 0.0009c/R | 0.0008c/R |

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

| 27 | GOVERNMENT GRANTS AND SUBSIDIES              | 2013<br>R          | 2012<br>R         |
|----|--|--------------------|-------------------|
|    | <b>Unconditional Grants</b>                  | <b>51 279 300</b>  | <b>45 172 000</b> |
|    | Equitable Share                              | 51 279 300         | 45 172 000        |
|    | <b>Conditional Grants</b>                    | <b>51 557 258</b>  | <b>30 813 029</b> |
|    | Grants and donations                         | 1 158 627          | 1 288 090         |
|    | Subsidies                                    | 50 398 630         | 29 524 940        |
|    | <b>Total Government Grants and Subsidies</b> | <b>102 836 558</b> | <b>75 985 029</b> |
|    | Government Grants and Subsidies - Capital    | 24 405 390         | 16 274 360        |
|    | Government Grants and Subsidies - Operating  | 78 431 168         | 59 710 669        |
|    |  | <b>102 836 558</b> | <b>75 985 029</b> |

The municipality does not expect any significant changes to the level of grants.

Revenue recognised per vote as required by Section 123 (c) of the MFMA

|                             |                    |                   |
|-----------------------------|--------------------|-------------------|
| Equitable share             | 51 279 300         | 45 172 000        |
| Executive & Council         | 392 000            | 798 087           |
| Budget & Treasury           | 1 304 035          | 1 907 649         |
| Corporate Services          | 385 965            | 26 275            |
| Planning & Development      | 964 868            | 294               |
| Health                      | -                  | -                 |
| Community & Social Services | 8 489 548          | 9 332 368         |
| Housing                     | 17 645 494         | 5 618 217         |
| Public Safety               | -                  | -                 |
| Sport & Recreation          | -                  | -                 |
| Environmental Protection    | -                  | -                 |
| Waste Management            | 2 569 574          | 3 749 719         |
| Waste Water Management      | 11 409 206         | 4 813 607         |
| Road Transport              | 1 012 244          | 187 000           |
| Water                       | 6 001 901          | 3 816 950         |
| Electricity                 | 1 382 422          | 562 862           |
|                             | <b>102 836 558</b> | <b>75 985 029</b> |

The municipality does not expect any significant changes to the level of grants.

|                             |              |              |
|-----------------------------|--------------|--------------|
| <b>27.1 Equitable share</b> |              |              |
| Opening balance             | -            | -            |
| Grants received             | 51 279 300   | 45 172 000   |
| Conditions met - Operating  | (51 279 300) | (45 172 000) |
| Conditions met - Capital    | -            | -            |
| Conditions still to be met  | -            | -            |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

|   |             |             |
|---|-------------|-------------|
| <b>27.2 Local Government Financial Management Grant (FMG)</b> |             |             |
| Opening balance   | 0           | 213 467     |
| Grants received   | 1 250 000   | 1 250 000   |
| Conditions met - Operating                                    | (1 250 000) | (1 165 775) |
| Conditions met - Capital                                      | -           | (297 692)   |
| Conditions still to be met                                    | <b>0</b>    | <b>0</b>    |

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

|   |           |           |
|---|-----------|-----------|
| <b>27.3 Municipal Systems Improvement Grant</b> |           |           |
| Opening balance                                 | 0         | 75 945    |
| Grants received                                 | 800 000   | 790 000   |
| Conditions met - Operating                      | (414 035) | (604 550) |
| Conditions met - Capital                        | (385 965) | (261 395) |
| Conditions still to be met                      | <b>0</b>  | <b>0</b>  |

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

|  |              |                |
|--|--------------|----------------|
| <b>27.4 Municipal Infrastructure Grant (MIG)</b> |              |                |
| Opening balance                                  | 802 213      | 2 430 636      |
| Grants received                                  | 18 376 000   | 15 149 000     |
| Conditions met - Operating                       | (2 350 462)  | (2 060 014)    |
| Conditions met - Capital                         | (16 827 752) | (14 717 409)   |
| Conditions to be met                             | <b>(0)</b>   | <b>802 213</b> |

The grant was used to upgrade infrastructure in previously disadvantaged areas.

|                            |                  |                  |
|----------------------------|------------------|------------------|
| <b>27.5 Housing Grants</b> |                  |                  |
| Opening balance            | 2 314 736        | 2 314 736        |
| Grants received            | 20 530 301       | 4 400 928        |
| Conditions met - Operating | (16 926 458)     | (5 467 600)      |
| Conditions met - Capital   | (719 036)        | (200 432)        |
| Conditions to be met       | <b>5 199 543</b> | <b>1 047 632</b> |

**Balance previously reported (Note 27.5)**

Presentation Correction

3 581 840

(2 534 207)

**1 047 632**

Housing grants was utilised for the development of erven and the erection of top structures.

| 27   | GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)   | 2013<br>R          | 2012<br>R          |
|------|---|--------------------|--------------------|
| 27.6 | <b>Integrated National Electrification Grant</b>  |                    |                    |
|      | Opening balance   | 632 422            | (1 804 716)        |
|      | Grants received   | 500 000            | 3 000 000          |
|      | Conditions met - Operating  | (189 161)          | (47 730)           |
|      | Conditions met - Capital  | (1 193 261)        | (515 132)          |
|      | Conditions to be met  | <u>(250 000)</u>   | <u>632 422</u>     |
|      | The National Electrification Grant was used for electrical connections in previously disadvantaged areas.   |                    |                    |
| 27.7 | <b>Other Grants</b>   |                    |                    |
|      | Opening balance   | 3 240 114          | 1 928 220          |
|      | Grants received   | 12 523 145         | 8 054 298          |
|      | Conditions met - Operating  | (6 021 752)        | (5 193 000)        |
|      | Conditions met - Capital  | (5 279 377)        | (282 300)          |
|      | Conditions to be met  | <u>4 462 129</u>   | <u>4 507 217</u>   |
|      | Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)  |                    |                    |
|      | <b>Balance previously reported (Note 27.7)</b>  |                    | (2 484 454)        |
|      | Presentation Correction   |                    | 6 991 671          |
|      |   |                    | <u>4 507 217</u>   |
| 27.8 | <b>Total Grants</b>   |                    |                    |
|      | Opening balance   | 6 989 484          | 5 158 288          |
|      | Grants received   | 105 258 746        | 77 816 226         |
|      | Conditions met - Operating  | (78 431 168)       | (59 710 669)       |
|      | Conditions met - Capital  | (24 405 390)       | (16 274 360)       |
|      | Conditions to be met  | <u>9 411 673</u>   | <u>6 989 484</u>   |
|      | <u>Disclosed as follows:</u>  |                    |                    |
|      | Unspent Conditional Government Grants and Receipts  | 9 661 673          | 6 989 484          |
|      | Unpaid Conditional Government Grants and Receipts   | (250 000)          | 0                  |
|      |   | <u>9 411 673</u>   | <u>6 989 484</u>   |
| 28   | <b>SERVICE CHARGES</b>  |                    |                    |
|      | Electricity   | 230 707 612        | 215 069 786        |
|      | Water   | 26 047 974         | 24 213 667         |
|      | Refuse removal  | 15 341 859         | 13 983 691         |
|      | Sewerage and Sanitation Charges   | 19 773 389         | 17 881 722         |
|      |   | <u>291 870 834</u> | <u>271 148 866</u> |
|      | Less: Rebates   | (15 633 706)       | (20 980 914)       |
|      | <b>Total Service Charges</b>  | <u>276 237 128</u> | <u>250 167 952</u> |
|      | <b>Balance previously reported</b>  |                    | 253 122 168        |
|      | Correction of error - Refer to note 40.6  |                    | (2 954 216)        |
|      |   |                    | <u>250 167 952</u> |
|      | Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission. |                    |                    |
| 29   | <b>OTHER INCOME</b>   |                    |                    |
|      | Availability fees   | 2 736 599          | 2 619 815          |
|      | Building plans  | 384 052            | 523 172            |
|      | Bulk service levies   | 407 310            | 780 695            |
|      | Cemeteries  | 325 612            | 250 786            |
|      | Commission  | 148 889            | 145 698            |
|      | Connection fees   | 1 455 489          | 1 721 884          |
|      | Fair Value Adjustments  | -                  | -                  |
|      | Fire brigade fees   | 53 347             | 36 543             |
|      | Insurance claims  | 608 776            | 6 056 382          |
|      | Photo copies  | 65 029             | 64 154             |
|      | Planning application fees   | 261 267            | 140 897            |
|      | Re-connection fees  | 271 466            | 183 972            |
|      | Valuation certificates  | 116 786            | 101 312            |
|      | Sundry income   | 3 663 736          | 3 451 873          |
|      | <b>Total Other Income</b>   | <u>10 498 358</u>  | <u>16 077 183</u>  |

30

**EMPLOYEE RELATED COSTS**

|   | 2013<br>R          | 2012<br>R          |
|---|--------------------|--------------------|
| Salaries and Wages  | 73 986 079         | 66 942 346         |
| Bonus   | 5 977 411          | 6 181 440          |
| Contributions for UIF, pensions and medical aids              | 17 858 027         | 16 157 460         |
| Group Life Insurance  | 368 683            | 364 990            |
| Housing Subsidy   | 568 792            | 548 585            |
| Leave Reserve Fund  | 2 262 335          | 2 125 611          |
| Long service awards   | 648 856            | 618 118            |
| Overtime  | 5 407 989          | 5 002 675          |
| Post Employment Health  | 1 983 869          | 1 821 938          |
| Travel, motor car, telephone, assistance and other allowances | 9 444 636          | 8 965 727          |
|   | <b>118 506 679</b> | <b>108 728 890</b> |
| <b>Less:</b> Employee Costs allocated elsewhere               | -                  | -                  |
| <b>Total Employee Related Costs</b>                           | <b>118 506 679</b> | <b>108 728 890</b> |

**KEY MANAGEMENT PERSONNEL**

The Municipal Manager and 2 directors are appointed on a 5-year fixed term contract, the other 2 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL****Remuneration of the Municipal Manager: Mr M A Mokweni**

|  |                  |                  |
|--|------------------|------------------|
| Annual Remuneration                        | 994 440          | 795 798          |
| Performance Bonuses                        | 90 219           | 138 204          |
| Car Allowance                              | 108 000          | 108 000          |
| Other Allowances                           | 24 550           | 100 568          |
| Contributions to Medical and Pension Funds | 192 869          | 173 030          |
| <b>Total</b>                               | <b>1 410 078</b> | <b>1 315 599</b> |

**Remuneration of the Director Infrastructure Development : Mr J de K Jooste**

|  |                  |                  |
|--|------------------|------------------|
| Annual Remuneration                        | 706 734          | 570 502          |
| Performance Bonuses                        | 74 845           | 105 832          |
| Car Allowance                              | 156 869          | 156 869          |
| Other Allowances                           | 30 943           | 35 489           |
| Contributions to Medical and Pension Funds | 194 038          | 175 102          |
| <b>Total</b>                               | <b>1 163 429</b> | <b>1 043 794</b> |

**Remuneration of the Director Corporate Services: Mr A W J Everson**

|  |                  |                  |
|--|------------------|------------------|
| Annual Remuneration                        | 759 587          | 613 115          |
| Performance Bonuses                        | 74 845           | 105 832          |
| Car Allowance                              | 131 568          | 131 568          |
| Other Allowances                           | 47 978           | 63 160           |
| Contributions to Medical and Pension Funds | 157 179          | 141 169          |
| <b>Total</b>                               | <b>1 171 157</b> | <b>1 054 845</b> |

**Remuneration of the Director Financial Services: Mr C F Hoffman**

|  |                  |                  |
|--|------------------|------------------|
| Annual Remuneration                        | 647 241          | 501 415          |
| Performance Bonuses                        | 74 845           | 105 832          |
| Car Allowance                              | 128 222          | 128 222          |
| Other Allowances                           | 78 653           | 97 890           |
| Contributions to Medical and Pension Funds | 242 196          | 215 754          |
| <b>Total</b>                               | <b>1 171 157</b> | <b>1 049 115</b> |

**Remuneration of the Director Community Services: Mr M J Mhlom (01 July 2011 to 30 November 2011)**

|  |          |                |
|--|----------|----------------|
| Annual Remuneration                        | -        | 340 590        |
| Performance Bonuses                        | -        | 79 374         |
| Car Allowance                              | -        | 77 711         |
| Other Allowances                           | -        | 159 730        |
| Contributions to Medical and Pension Funds | -        | 70 739         |
| <b>Total</b>                               | <b>-</b> | <b>728 144</b> |

**Remuneration of the Director Strategy and Social Development: Mrs C O Matthys (01 August 2012 to 30 June 2013)**

|  |                  |          |
|--|------------------|----------|
| Annual Remuneration                        | 703 371          | -        |
| Performance Bonuses                        | -                | -        |
| Car Allowance                              | 159 982          | -        |
| Other Allowances                           | 22 460           | -        |
| Contributions to Medical and Pension Funds | 133 676          | -        |
| <b>Total</b>                               | <b>1 019 489</b> | <b>-</b> |

**Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen (01 October 2012 to 30 June 2013)**

|  |                |          |
|--|----------------|----------|
| Annual Remuneration                        | 626 670        | -        |
| Performance Bonuses                        | -              | -        |
| Car Allowance                              | 10 800         | -        |
| Other Allowances                           | -              | -        |
| Contributions to Medical and Pension Funds | 124 552        | -        |
| <b>Total</b>                               | <b>762 022</b> | <b>-</b> |

| 31 | REMUNERATION OF COUNCILLORS   | 2013<br>R          | 2012<br>R          |
|----|---|--------------------|--------------------|
|    | Mayor   | 698 894            | 651 291            |
|    | Deputy Mayor  | 538 636            | 404 776            |
|    | Speaker   | 536 643            | 509 125            |
|    | Mayoral Committee Members (4 councillors)   | 2 037 914          | 1 744 967          |
|    | Councillors (15 councillors 1 vacant seat)  | 3 287 031          | 3 110 004          |
|    | <b>Total Councillors' Remuneration</b>  | <b>7 099 118</b>   | <b>6 420 162</b>   |
|    | <b>In-kind Benefits</b>   |                    |                    |
|    | The Executive Mayor, Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council. |                    |                    |
| 32 | <b>DEBT IMPAIRMENT</b>  |                    |                    |
|    | Long term Receivables - Note 19   | 2 333 568          | (1 505 290)        |
|    | Trade Receivables from exchange transactions - Note 22  | 5 188 853          | 3 776 344          |
|    | Trade Receivables from non-exchange transactions - Note 23  | 1 028 635          | 2 240 483          |
|    | <b>Total Contribution to Debt Impairment</b>  | <b>8 551 056</b>   | <b>4 511 537</b>   |
| 33 | <b>DEPRECIATION AND AMORTISATION</b>  |                    |                    |
|    | Property Plant and Equipment  | 16 253 087         | 16 503 864         |
|    | Capitalised Restoration Cost  | 200 054            | 295 847            |
|    | Investment Property   | 49 329             | 50 869             |
|    | Intangible Assets   | 251 335            | 718 760            |
|    |   | <b>16 753 805</b>  | <b>17 569 340</b>  |
|    | <b>Balance previously reported (Note 33)</b>  |                    | <b>18 513 415</b>  |
|    | Correction of book value of assets where the useful lives were incorrectly recorded - Refer to note 40.8  |                    | (944 075)          |
|    |   |                    | <b>17 569 339</b>  |
| 34 | <b>IMPAIRMENTS</b>  |                    |                    |
|    | Property Plant & Equipment  | <b>(3 331 913)</b> | <b>3 770 043</b>   |
|    | Impairment on Property, Plant and Equipment was reversed as the assets damaged in 2011/2012 was repaired and reinstated.  |                    |                    |
| 35 | <b>FINANCE CHARGES</b>  |                    |                    |
|    | Interest paid   | 164 246            | 47 229             |
|    | Landfill site   | 265 054            | 321 032            |
|    | Long service awards   | 343 443            | 353 695            |
|    | Long-term Liabilities   | 3 399 048          | 3 802 812          |
|    | Post Employment Health  | 2 908 929          | 2 690 651          |
|    | <b>Total finance charges</b>  | <b>7 080 720</b>   | <b>7 215 421</b>   |
| 36 | <b>BULK PURCHASES</b>   |                    |                    |
|    | Electricity   | 173 526 712        | 157 532 199        |
|    | Water   | 3 000 805          | 2 759 252          |
|    | <b>Total Bulk Purchases</b>   | <b>176 527 517</b> | <b>160 291 452</b> |
| 37 | <b>GRANTS AND SUBSIDIES</b>   |                    |                    |
|    | Destitute Grants  | -                  | 73 500             |
|    | <b>Total Grants and Subsidies</b>   | <b>-</b>           | <b>73 500</b>      |
|    | Operating grant expenditure per vote  |                    |                    |
|    | Executive & Council   | -                  | -                  |
|    | Budget & Treasury   | -                  | -                  |
|    | Corporate Services  | -                  | -                  |
|    | Planning & Development  | -                  | -                  |
|    | Health  | -                  | -                  |
|    | Community & Social Services   | -                  | -                  |
|    | Housing   | -                  | -                  |
|    | Public Safety   | -                  | -                  |
|    | Sport & Recreation  | -                  | -                  |
|    | Environmental Protection  | -                  | 73 500             |
|    | Waste Management  | -                  | -                  |
|    | Waste Water Management  | -                  | -                  |
|    | Road Transport  | -                  | -                  |
|    | Water   | -                  | -                  |
|    | Electricity   | -                  | -                  |
|    |   | <b>-</b>           | <b>73 500</b>      |

| 38 | GENERAL EXPENSES                          | 2013<br>R         | 2012<br>R         |
|----|---|-------------------|-------------------|
|    | Advertisement Cost                        | 700 218           | 769 567           |
|    | Audit fees                                | 1 864 590         | 1 709 875         |
|    | Bank charges                              | 644 329           | 843 585           |
|    | Bursaries - Internal                      | 118 202           | 119 593           |
|    | Cell phone                                | 748 573           | 689 967           |
|    | Chemicals                                 | 4 225 223         | 4 785 407         |
|    | Computer services                         | 1 539 513         | 1 123 312         |
|    | Connections                               | 414 140           | 615 911           |
|    | Data lines                                | 2 225 965         | 1 502 288         |
|    | Delegation Fees                           | 359 709           | 284 810           |
|    | Development Projects                      | 408 609           | 425 627           |
|    | Fuel                                      | 5 974 821         | 5 440 313         |
|    | Insurance (Premiums & Claims cost)        | 6 345 402         | 1 356 311         |
|    | IoD Insurance                             | 1 133 135         | 1 059 328         |
|    | Membership fees                           | 1 003 100         | 843 179           |
|    | Municipal Services Charges                | 3 639             | 10 025            |
|    | Postage                                   | 504 649           | 670 311           |
|    | Poverty Alleviation Projects              | 1 626 465         | 2 055 352         |
|    | Printing & Stationary                     | 1 091 655         | 1 015 211         |
|    | Professional Services                     | 2 264 693         | 1 212 738         |
|    | Protective Clothing                       | 594 587           | 524 529           |
|    | Refuse bags                               | 357 538           | 562 288           |
|    | Rehabilitation                            | 746 510           | 753 775           |
|    | Skills Development Levy                   | 934 834           | 934 656           |
|    | Subsidy New Electrical connections        | -                 | -                 |
|    | Tourism Marketing                         | 821 274           | 817 591           |
|    | Training cost                             | 881 432           | 862 348           |
|    | Transfer cost                             | 367 974           | 162 894           |
|    | Valuation cost                            | 357 774           | 475 346           |
|    | Other                                     | 3 810 700         | 4 082 543         |
|    | General Expenses                          | <b>42 069 249</b> | <b>35 708 680</b> |
|    | Balance previously reported (Note 38)     |                   | 35 732 422        |
|    | Correction of error - Refer to note 40.11 |                   | (23 742)          |
|    |   |                   | <b>35 708 680</b> |

39 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3

39.1 HERITAGE ASSETS

The municipality implemented GRAP 103 on Heritage Assets. The Municipality consulted the Heritage Council of South-Africa, Heritage Council of the Western Cape and the tourism offices in the various towns to ascertain if any assets of the Langeberg Municipality are declared as Heritage Assets, the municipality also scrutinised the Asset Register to check if any of the assets fall within the definition and recognition criteria of Heritage Assets. The implementation was done retrospectively and restated for 01 July 2011.

|                                     |                |
|-------------------------------------|----------------|
| Balance previously reported         | -              |
| Transfer from Investment Property   | -              |
| Transfer from PPE                   | 939 000        |
| Restated Balance as at 01 July 2011 | <b>939 000</b> |
| Addition during 2011/2012           | -              |
| Restated Balance as at 30 June 2012 | <b>939 000</b> |

39.2 PROPERTY, PLANT AND EQUIPMENT

|   |                    |
|---|--------------------|
| Balance previously reported   | <b>407 646 886</b> |
| Transfer to Heritage Assets   | (939 000)          |
| First time recognition of even belonging to the municipality                  | 2 109 500          |
| Reversal of Accumulated Depreciation on Assets transferred to Heritage Assets | 80 278             |
| Restated Balance as at 01 July 2011   | <b>408 897 664</b> |

## 40 CORRECTION OF ERROR IN TERMS OF GRAP 3

## 40.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))

|   |                    |
|---|--------------------|
| <b>Balance previously reported</b>  | 381 495 919        |
| Reversal of Accumulated Depreciation on Assets transferred to Heritage Assets | 80 278             |
| Operating Lease Asset   | 25 422             |
| Property, Plant and Equipment   | 2 109 500          |
| Receivables from exchange transactions  | 9 005 447          |
| Restated Balance as at 01 July 2011   | <b>392 716 566</b> |

## 40.2 OPERATING LEASE ASSET

|  |               |
|--|---------------|
| <b>Balance previously reported</b>   | 32 641        |
| Correction of Error: Lease Contracts not included in Lease Register 2010/2011 Refer to note 24 | 25 422        |
| Restated Balance as at 01 July 2011  | <b>58 063</b> |
| Previous Movement  | 4 278         |
| Correction of Error: Lease Contracts not included in Lease Register 2011/2012 Refer to note 23 | 9 019         |
| Correction of Error Lease Agreements cancelled in 2011/2012                                    | (1 338)       |
| Restated Balance as at 30 June 2012  | <b>70 021</b> |

Correction of error - Refer to note 24

## 40.3 PROPERTY, PLANT AND EQUIPMENT

|  |                    |
|--|--------------------|
| <b>Balance previously reported (Before change in accounting policy)</b>                            | <b>424 544 371</b> |
| Implementation of GRAP 103 (01 July 2011)  | (858 722)          |
| First time recognition of even belonging to the municipality (01 July 2011)                        | 2 109 500          |
| Correction of book value of assets where the useful lives were incorrectly recorded (30 June 2012) | 938 356            |
| Reversal of depreciation on assets transferred to Heritage Assets                                  | 5 719              |
| Restated Balance as at 30 June 2012  | <b>426 739 223</b> |

## 40.4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

## Other Debtors

|                                     |                   |
|-------------------------------------|-------------------|
| <b>Balance previously reported</b>  | 28 483 006        |
| Electricity Charges                 | 7 564 172         |
| Water Charges                       | 1 441 275         |
| Restated Balance as at 01 July 2011 | <b>37 488 454</b> |
| Reversal:                           |                   |
| Electricity Charges                 | (7 564 172)       |
| Water Charges                       | (1 441 275)       |
| Add:                                |                   |
| Electricity Charges                 | 4 880 573         |
| Water Charges                       | 1 170 658         |
| Restated Balance as at 30 June 2012 | <b>34 534 238</b> |

Water and Electricity Charges for June 2011 and June 2012, from last meter reading date to 30 June was allocated in the wrong financial period and was corrected.

Reversal of Insurance debtor as the municipality negotiated with the Insurer not to pay the claim directly to the municipality but instead appoint contractor to reinstate assets damage in public riot.

Correction of error - Refer to note 22

## 40.5 INVENTORY

|   |                   |
|---|-------------------|
| <b>Balance previously reported</b>          | <b>13 179 204</b> |
| Inventory incorrectly expensed in 2011/2012 | 164 875           |
| Restated Balance as at 30 June 2012         | <b>13 344 079</b> |

First time identification and measurement of inventory

Correction of error - Refer to note 21

## 40.6 SERVICE CHARGES

|                                     |                    |
|-------------------------------------|--------------------|
| <b>Balance previously reported</b>  | <b>253 122 168</b> |
| Reduce Service Charges              | (2 954 216)        |
| Restated Balance as at 30 June 2012 | <b>250 167 952</b> |

Service Charges adjusted to reflect service charges levied for 2011/2012 financial year and to account for service charges between last meter reading date to 30 June 2012.

Correction of error - Refer to note 28

## 40.7 RENTAL OF FACILITIES AND EQUIPMENT

|  |                  |
|--|------------------|
| <b>Balance previously reported</b>   | <b>1 658 546</b> |
| Correction of Error: Lease Contracts not included in Lease Register 2011/2012 Refer to note 23 | 9 019            |
| Restated Balance as at 30 June 2012  | <b>1 667 564</b> |

Correction of error - Refer to note 24

40.8 DEPRECIATION AND AMORTISATION

|   |            |
|---|------------|
| Balance previously reported   | 18 513 415 |
| Correction of book value of assets where the useful lives were incorrectly recorded | (944 076)  |
| Restated Balance as at 30 June 2012   | 17 569 339 |
| Correction of error - Refer to note 33  |            |

40.10 REPAIRS AND MAINTENANCE

|                                     |            |
|-------------------------------------|------------|
| Balance previously reported         | 11 920 235 |
| Inventory incorrectly expensed      | (139 795)  |
| Restated Balance as at 30 June 2012 | 11 780 440 |

40.11 GENERAL EXPENSES

|                                     |            |
|-------------------------------------|------------|
| Balance previously reported         | 35 732 422 |
| Inventory incorrectly expensed      | (23 742)   |
| Restated Balance as at 30 June 2012 | 35 708 680 |

Correction of error - Refer to note 38

40.12 CASH FLOW STATEMENT: RECEIPTS

Interest

|  |             |
|--|-------------|
| Balance previously reported                        | 6 555 507   |
| Correction of error - Refer to Cash Flow Statement | (2 470 036) |
|  | 4 085 471   |

CASH FLOW STATEMENT: PAYMENTS  
Finance charges

|  |             |
|--|-------------|
| Balance previously reported                        | (7 215 421) |
| Correction of error - Refer to Cash Flow Statement | 3 386 551   |
|  | (3 828 869) |

Correction of Interest Received and Finance Charges on Cash Flow Statement to reflect the actual cash receipts and cash payments.

|   | 2013              | 2012              |
|---|-------------------|-------------------|
| <b>41 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b> | <b>R</b>          | <b>R</b>          |
| Surplus/(Deficit) for the year  | 33 504 703        | 3 324 648         |
| <b>Adjustments for:</b>   |                   |                   |
| Depreciation/Amortisation   | 16 753 805        | 17 569 342        |
| Loss on disposal of property, plant and equipment   | 552 618           | 47 282            |
| (Gains) on disposal of property, plant and equipment  | -                 | -                 |
| Impairment Loss   | -                 | 3 770 043         |
| Impairment (Reversals)  | (3 331 913)       | -                 |
| Contributions to Non-Current Provisions   | 6 189 558         | 5 805 367         |
| Debt Impairment   | 9 565 105         | 4 511 537         |
| Actuarial Losses  | -                 | 3 122 234         |
| Actuarial (Gains)   | (875 701)         | -                 |
| Unamortised discount  | 36 319            | 69 436            |
| Bad debt written-off  | (6 601 032)       | (1 454 324)       |
| Finance charges   | (60 624)          | (29 348)          |
| Operating lease income accrued  | (57 509)          | (11 958)          |
| Operating Surplus/(Deficit) before changes in working capital   | 55 675 329        | 36 724 258        |
| Changes in working capital  | (9 130)           | (10 370 251)      |
| Increase/(Decrease) in Payables from exchange transactions  | 6 749 302         | (4 244 885)       |
| Increase/(Decrease) in Provisions   | (1 308 787)       | 274 154           |
| Increase/(Decrease) in Employee benefits  | (1 700 406)       | (1 074 665)       |
| Increase/(Decrease) in Unspent Conditional Government Grants and Receipts                                       | 2 672 189         | (1 473 519)       |
| Increase/(Decrease) in Unspent Public Contributions   | 325 000           | -                 |
| Increase/(Decrease) in Taxes  | (1 382 741)       | (2 695 341)       |
| (Increase)/Decrease in Inventory  | (8 335 248)       | 12 103 448        |
| (Increase)/Decrease in Receivables from exchange and non-exchange transactions                                  | 3 221 562         | (16 564 159)      |
| (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts  | (250 000)         | 3 304 716         |
| <b>Cash generated/(absorbed) by operations</b>  | <b>55 666 199</b> | <b>26 354 007</b> |

42 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

|  |                   |                   |
|--|-------------------|-------------------|
| Call Investments Deposits - Note 25    | 60 000 000        | 70 000 000        |
| Cash Floats - Note 25                  | 7 717             | 8 427             |
| Bank - Note 25                         | 11 274 412        | 3 906 756         |
| <b>Total cash and cash equivalents</b> | <b>71 282 129</b> | <b>73 915 183</b> |

43 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

|                                     |            |            |
|-------------------------------------|------------|------------|
| Cash and Cash Equivalents - Note 42 | 71 282 129 | 73 915 183 |
| Investments - Note 18               | 90 617     | 51 549     |

Less:

|  |           |           |
|--|-----------|-----------|
| Unspent Committed Conditional Grants - Note 10 | 9 661 673 | 6 989 484 |
| VAT - Note 12                                  | -         | 842 932   |

**Resources available for working capital requirements**

**61 711 074 66 134 316**

**Allocated to:**

|                                |            |            |
|--------------------------------|------------|------------|
| Capital Replacement Reserve    | 42 715 822 | 45 000 000 |
| Employee Benefits Reserve      | 13 393 522 | 12 760 024 |
| Non-Current Provisions Reserve | 4 424 361  | 3 855 324  |

**Resources available for working capital requirements**

**1 177 369 4 518 968**

44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

|   |              |              |
|---|--------------|--------------|
| Long-term Liabilities - Note 3                          | 37 290 700   | 38 495 587   |
| Used to finance property, plant and equipment - at cost | (37 290 700) | (38 495 587) |

Cash set aside for the repayment of long-term liabilities

|   |   |
|---|---|
| - | - |
|---|---|

**Cash invested for repayment of long-term liabilities**

|   |   |
|---|---|
| - | - |
|---|---|

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

## 45 BUDGET COMPARISONS

|   | 2013<br>R<br>(Actual) | 2013<br>R<br>(Budget) | 2013<br>R<br>(Variance) | 2013<br>R<br>(%) |
|---|-----------------------|-----------------------|-------------------------|------------------|
| <b>45.1 Operational</b>                           |                       |                       |                         |                  |
| <b>Revenue by source</b>                          |                       |                       |                         |                  |
| Property Rates                                    | 29 806 702            | 30 162 100            | (355 398)               | -1%              |
| Government Grants and Subsidies - Capital         | 24 405 390            | 26 022 478            | (1 617 088)             | -7%              |
| Government Grants and Subsidies - Operating       | 78 431 168            | 80 366 819            | (1 935 651)             | -2%              |
| Public Contributions and Donations                | -                     | -                     | -                       | 0%               |
| Gain on Foreign Exchange Transaction              | -                     | -                     | -                       | 0%               |
| Actuarial Gains                                   | 1 250 989             | -                     | 39 068                  | 100%             |
| Fair Value Adjustments                            | 39 068                | -                     | (2 212 961)             | -205%            |
| Fines   | 1 079 319             | 3 292 280             | (73 123)                | -187%            |
| Impairment Reversal                               | 3 331 913             | 112 182               | (18 824 062)            | -7%              |
| Stock Adjustments                                 | 39 059                | 112 182               | (73 123)                | -187%            |
| Service Charges                                   | 276 237 128           | 295 061 190           | (18 824 062)            | -7%              |
| Rental of Facilities and Equipment                | 2 074 316             | 1 713 780             | 360 536                 | 17%              |
| Interest Earned - external investments            | 4 556 735             | 4 500 000             | 56 735                  | 1%               |
| Interest Earned - outstanding debtors             | 1 617 204             | 1 880 000             | (262 796)               | -16%             |
| Licences and Permits                              | 1 239 538             | 1 307 190             | (67 652)                | -5%              |
| Agency Services                                   | 1 929 048             | 1 198 000             | 731 048                 | 38%              |
| Other Income                                      | 10 498 358            | 12 023 090            | (1 524 732)             | -15%             |
| Unamortised Discount - Interest                   | 60 486                | -                     | 60 486                  | 100%             |
| Gain on disposal of Property, Plant and Equipment | -                     | -                     | -                       | -                |
|   | 436 596 421           | 457 639 109           | (25 625 590)            | -6%              |
| <b>Expenditure by nature</b>                      |                       |                       |                         |                  |
| Employee related costs                            | 118 506 679           | 125 308 680           | (6 802 001)             | -6%              |
| Remuneration of Councillors                       | 7 099 118             | 7 285 490             | (186 372)               | -3%              |
| Debt Impairment                                   | 8 551 056             | 7 503 470             | 1 047 586               | 12%              |
| Depreciation and Amortisation                     | 16 753 805            | 21 152 130            | (4 398 325)             | -26%             |
| Collection costs                                  | 1 192 386             | 1 065 000             | 127 386                 | 11%              |
| Impairments                                       | -                     | -                     | -                       | 0%               |
| Repairs and Maintenance                           | 12 097 894            | 12 963 572            | (865 678)               | -7%              |
| Actuarial losses                                  | 375 288               | -                     | 375 288                 | 100%             |
| Unamortised Discount - Interest paid              | 96 805                | -                     | 96 805                  | 100%             |
| Finance Charges                                   | 7 080 720             | 7 001 880             | 78 840                  | 1%               |
| Bulk Purchases                                    | 176 527 517           | 186 506 110           | (9 978 593)             | -6%              |
| Contracted services                               | 981 026               | 1 851 030             | (870 004)               | -89%             |
| Grants and Subsidies                              | -                     | 82 180                | (82 180)                | -100%            |
| Stock Adjustments                                 | -                     | -                     | -                       | -100%            |
| Operating Grant Expenditure                       | 11 207 558            | 21 013 990            | (9 806 432)             | -87%             |
| General Expenses                                  | 42 069 249            | 41 790 503            | 278 746                 | 1%               |
| Loss on disposal of Property, Plant and Equipment | 552 618               | -                     | 552 618                 | 100%             |
| Fair Value Adjustments                            | -                     | -                     | -                       | 0%               |
|   | 403 091 717           | 433 524 035           | (30 432 318)            | -8%              |
| <b>Net Surplus for the year</b>                   | <b>33 504 703</b>     | <b>24 115 074</b>     | <b>4 806 727</b>        | <b>14%</b>       |
|   |                       |                       |                         |                  |
|   | 2013<br>R<br>(Actual) | 2013<br>R<br>(Budget) | 2013<br>R<br>(Variance) | 2013<br>R<br>(%) |
| <b>45.2 Expenditure by Vote</b>                   |                       |                       |                         |                  |
| Community services                                | -                     | -                     | -                       | -                |
| Corporate services                                | 31 066 898            | 34 769 610            | (3 702 712)             | -12%             |
| Engineering Services                              | 281 385 095           | 291 958 450           | (10 573 355)            | -4%              |
| Executive & Council                               | 22 167 202            | 23 111 220            | (944 018)               | -4%              |
| Finance   | 18 662 313            | 19 324 670            | (662 357)               | -4%              |
| Service Intergration                              | 34 055 321            | 46 463 545            | (12 408 224)            | -36%             |
| Strategy & Social Development                     | 15 754 889            | 17 896 540            | (2 141 651)             | -14%             |
|   | 403 091 717           | 433 524 035           | (30 432 318)            | -8%              |

## 45 BUDGET COMPARISONS (CONTINUE)

|   | 2013<br>R<br>(Actual) | 2013<br>R<br>(Budget) | 2013<br>R<br>(Variance) | 2012<br>R<br>(%) |
|---|-----------------------|-----------------------|-------------------------|------------------|
| <b>45.3 Capital expenditure by vote</b> |                       |                       |                         |                  |
| Corporate services                      | 6 189 843             | 6 767 896             | (578 053)               | -9%              |
| Engineering Services                    | 38 790 702            | 40 141 462            | (1 350 760)             | -3%              |
| Executive & Council                     | 1 964 689             | 2 361 000             | (396 311)               | -20%             |
| Finance                                 | 120 000               | 120 000               | -                       | 0%               |
| Service Intergration                    | 4 246 537             | 7 767 510             | (3 520 973)             | -83%             |
| Strategy & Social Development           | 857 426               | 1 630 000             | (772 574)               | -90%             |
|   | <b>52 169 196</b>     | <b>58 787 868</b>     | <b>(6 618 672)</b>      | <b>-13%</b>      |

## 46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

|   | 2013<br>R  | 2012<br>R    |
|---|------------|--------------|
| Opening balance                                   | (0)        | 11 600 891   |
| Unauthorised expenditure for the year - capital   | -          | -            |
| Unauthorised expenditure for the year - operating | -          | (0)          |
| Written off by council                            | -          | (11 600 891) |
| Transfer to receivables for recovery              | -          | -            |
| Unauthorised expenditure awaiting authorisation   | <b>(0)</b> | <b>(0)</b>   |

Unauthorised expenditure on operating votes is mainly attributable to the actuarial loss on the employee benefits.  
Unauthorised expenditure on the capital is mainly attributable the purchase of a back up tape library server.

| Incident | Disciplinary steps/criminal proceedings |
|----------|---|
| None     |   |

46.2 Fruitless and wasteful expenditure

None.

46.3 Irregular expenditure

Reconciliation of irregular expenditure:

|   | 2013<br>R | 2012<br>R |
|---|-----------|-----------|
| Opening balance                               | -         | 284 712   |
| Irregular expenditure for the year            | -         | -         |
| Written off by council                        | -         | (284 712) |
| Transfer to receivables for recovery          | -         | -         |
| Irregular expenditure awaiting further action | <b>-</b>  | <b>-</b>  |

|             |  |             |             |
|-------------|--|-------------|-------------|
| <b>46.4</b> | <b><u>Material Losses</u></b>                | <b>2013</b> | <b>2012</b> |
|             | <b>Water distribution losses</b>             |             |             |
|             | - Kilo litres disinfected/purified/purchased | 7 941 360   | 7 948 000   |
|             | - Kilo litres lost during distribution       | 1 445 900   | 991 840     |
|             | - Percentage lost during distribution        | 18.21%      | 12.48%      |
|             | <b>Electricity distribution losses</b>       |             |             |
|             | - Units purchased (Kwh)                      | 289 880 332 | 298 939 914 |
|             | - Units lost during distribution (Kwh)       | 21 361 110  | 24 745 305  |
|             | - Percentage lost during distribution        | 7.37%       | 8.28%       |

|             |   |                  |                  |
|-------------|---|------------------|------------------|
| <b>47</b>   | <b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>  | <b>2013</b>      | <b>2012</b>      |
|             |   | <b>R</b>         | <b>R</b>         |
| <b>47.1</b> | <b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>   |                  |                  |
|             | Opening balance   | -                | -                |
|             | Council subscriptions   | 998 217          | 839 743          |
|             | Amount paid - current year  | (998 217)        | (839 743)        |
|             | Amount paid - previous years  | -                | -                |
|             | <b>Balance unpaid (included in creditors)</b>   | <b>-</b>         | <b>-</b>         |
| <b>47.2</b> | <b><u>Audit fees - [MFMA 125 (1)(b)]</u></b>  |                  |                  |
|             | Opening balance   | 258 975          | -                |
|             | Current year audit fee  | 1 864 590        | 1 709 875        |
|             | External Audit - Auditor-General  | 1 816 376        | 1 689 436        |
|             | Audit Committee   | 48 214           | 20 439           |
|             | Amount paid - current year  | (2 094 038)      | (1 450 900)      |
|             | Amount paid - previous year   | -                | -                |
|             | <b>Balance unpaid (included in creditors)</b>   | <b>29 528</b>    | <b>258 975</b>   |
| <b>47.3</b> | <b><u>VAT - [MFMA 125 (1)(b)]</u></b>   |                  |                  |
|             | Opening balance   | 6 067 935        | 1 935 150        |
|             | Amounts received - current year   | 40 768 437       | 36 461 821       |
|             | Amounts received - previous years   | (6 067 935)      | (1 935 150)      |
|             | Amounts claimed - current year  | (38 187 811)     | (30 393 886)     |
|             | <b>Closing balance - Receivable</b>   | <b>2 580 626</b> | <b>6 067 935</b> |
|             | Vat in suspense due to cash basis of accounting   |                  |                  |
|             | Input VAT   | 3 755 374        | 2 959 433        |
|             | Output VAT  | (6 199 905)      | (5 747 575)      |
|             | Receivable  | (2 444 531)      | (2 788 142)      |
|             | VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. |                  |                  |
| <b>47.4</b> | <b><u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u></b>   |                  |                  |
|             | Opening balance   | -                | -                |
|             | Current year payroll deductions and Council Contributions   | (13 378 457)     | 13 535 950       |
|             | Amount paid - current year  | 13 378 457       | (13 535 950)     |
|             | <b>Balance unpaid (included in creditors)</b>   | <b>-</b>         | <b>-</b>         |
| <b>47.5</b> | <b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u></b>  |                  |                  |
|             | Opening balance   | -                | -                |
|             | Current year payroll deductions and Council Contributions   | 17 063 438       | 15 262 717       |
|             | Amount paid - current year  | (17 063 438)     | (15 262 717)     |
|             | <b>Balance unpaid (included in creditors)</b>   | <b>-</b>         | <b>-</b>         |

## 47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

47.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

|  | 2013<br>R<br>Outstanding<br>more than 90<br>days | 2012<br>R<br>Outstanding<br>more than 90<br>days |
|--|--|--|
| NYAMANA, W   | 732  |  |
| VOLLENHOVEN, EJ (E J & R A VOLLENHOVEN)                        | 627  |  |
| CROUWCAMP, NP  | -  | 11 796   |
| SWANEPOEL, J R O   | 42 463   |  |
| SWANEPOEL, J R O ( J RO SWANEPOEL, C S SWANEPOEL & D C ESTERH) | 4 343  |  |
| JOHNSON, R   | -  | 149  |
| <b>Total Councillor Arrear Consumer Accounts</b>               | <b>46 807</b>                                    | <b>11 945</b>                                    |

47.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

|           | Amount            | Single Supplier | Type of deviation |             |            |
|-----------|-------------------|-----------------|-------------------|-------------|------------|
|           |                   |                 | Impossible        | Impractical | Emergency  |
| July      | 5 751 933         | 14              | -                 | 43          | 19         |
| August    | 908 003           | 13              | -                 | 33          | 17         |
| September | 702 210           | 9               | -                 | 29          | 10         |
| October   | 477 839           | 6               | -                 | 32          | 17         |
| November  | 598 057           | 4               | -                 | 33          | 19         |
| December  | 373 654           | 3               | -                 | 14          | 10         |
| January   | 406 544           | 13              | -                 | 28          | 18         |
| February  | 1 670 451         | 13              | -                 | 38          | 16         |
| March     | 651 416           | 3               | -                 | 32          | 5          |
| April     | 771 820           | 6               | -                 | 44          | 11         |
| May       | 588 697           | 8               | -                 | 41          | 2          |
| June      | 573 865           | 1               | -                 | 29          | 12         |
|           | <b>13 474 489</b> | <b>93</b>       | <b>-</b>          | <b>396</b>  | <b>156</b> |

Regulation 45 - Details of awards made to close family members of persons in service of State

| Name of supplier          | Member of company who has relationship with person in the service of the state | Relationship to person in the service of the state | Name of person in the service of the state | Employer and capacity of person in service of the state             | Value of transactions |
|---------------------------|--|--|--|---|-----------------------|
| CC Groenewald             | CC Groenewald  | Spouse   | AC Groenewald                              | SAPS - Warrant Officer  | R 2 830               |
| Annandale Motors BK       | DR Wagner  | Spouse   | E Wagner                                   | Langeberg Municipality - Admin Clerk                                | R 59 015              |
| Van Niekerk & Linde       | AP Rossouw   | Spouse   | S Rossouw                                  | WCED - Teacher  | R 252 894             |
| Lumber & Lawn             | R Visser   | Spouse   | J van Zyl                                  | WCED - Teacher  | R 56 873              |
| Liemens Construction      | L Liemens  | Spouse   | OR Liemens                                 | Langeberg Municipality - LED Clerk                                  | R 51 058              |
| TMM Management            | TM Mgoqi   | Parent   | NJ Mgoqi                                   | Langeberg Municipality - Councillor                                 | R 526 000             |
| Total Client Services Ltd | A Van Rooyen   | Spouse   | NT Sipoyo                                  | WC Provincial Government (Dept. of Transport) - Manager (Logistics) | R 20 520              |
| Wordz 'n Worx             | MM Treu  | Child  | SP Korasie                                 | Dept. of Water Affairs - Intern                                     | R 4 150               |
| Lulama Nentsa             | L Nentsa   | Child  | LA Nentsa                                  | Langeberg Municipality - Traffic Officer                            | R 4 320               |

| Name of supplier                  | Member of company who has relationship with person in the service of the state | Relationship to person in the service of the state | Name of person in the service of the state | Employer and capacity of person in service of the state | Value of transactions |
|-----------------------------------|--|--|--|---|-----------------------|
| Mubesko Africa                    | L Smith  | Spouse   | J Nieheus                                  | Dept. of Health (Northern Cape)                         | R 300 276             |
| Snyman Skoonmaakdienste           | LC Snyman  | Spouse   | M Snyman                                   | Langeberg Municipality - PA                             | R 108 360             |
| Graham & Rhona Beck Skills Centre | M Hoffman  | Spouse   | F Hoffman                                  | SAPS - Warrant Officer                                  | R 5 700               |
| Graham & Rhona Beck Skills Centre | D van Schalkwyk  | N/A  | D van Schalkwyk                            | Langeberg Municipality - Director                       | R 5 700               |

**Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:**

| Name of supplier | Name of person in service of the state | Position occupied in company | Last day in service of the state | Employer and capacity of person           | Value of transactions |
|------------------|--|------------------------------|----------------------------------|---|-----------------------|
| Mubesko Arica    | K Kymdell                              | Manager                      |                                  | Central Karoo District Municipality - CFO |                       |

**47.8 Other non-compliance (MFMA 125(2)(e))**

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

| Name of supplier | Name of person in service of the state | Position occupied in company | Employer and capacity of person | Value of transactions |
|------------------|--|------------------------------|---------------------------------|-----------------------|
|                  |  |                              |                                 |                       |

Other non-compliance issues were identified as detailed below:

| Requirement | Relevant Legislation | Non-compliance |
|-------------|----------------------|----------------|
| None        |                      |                |

## 48 CAPITAL COMMITMENTS

2013  
R

2012  
R

## Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure  
Community  
Other

|            |         |
|------------|---------|
| 10 979 040 | 700 000 |
| 10 979 040 | 700 000 |
| -          | -       |
| -          | -       |

Approved but not yet contracted for

Infrastructure  
Community  
Other

|            |            |
|------------|------------|
| 42 930 690 | 49 012 040 |
| 21 959 790 | 41 157 040 |
| 9 945 900  | -          |
| 11 025 000 | 7 855 000  |

Total

|            |            |
|------------|------------|
| 53 909 730 | 49 712 040 |
|------------|------------|

In addition to the capital commitments approved and contracted for disclosed in terms of GRAP, 42 930 690 of the capital budget have been approved but have not yet been contracted for.

This expenditure will be financed from:

External Loans  
Capital Replacement Reserve  
Government Grants  
Other Grants

|            |            |
|------------|------------|
| -          | -          |
| 28 844 370 | 31 399 750 |
| 25 065 360 | 18 312 290 |
| -          | -          |

Total

|            |            |
|------------|------------|
| 53 909 730 | 49 712 040 |
|------------|------------|

## 49 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

## (a) Foreign Exchange Currency Risk

The municipality did engage in one foreign currency transaction. The risk is low due to the value of the transaction.

## (b) Price risk

The municipality is not exposed to price risk.

## (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

|   |           |           |
|---|-----------|-----------|
| 1% (2012 - 0.5%) Increase in interest rates   | 349 184   | 363 431   |
| 0.5% (2012 - 0.5%) Decrease in interest rates | (174 592) | (181 715) |

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

|                                 | 2013<br>% | 2013<br>R  | 2012<br>% | 2012<br>%  |
|---------------------------------|-----------|------------|-----------|------------|
| <u>Non-Exchange Receivables</u> |           |            |           |            |
| Rates and other receivables     | 100.00%   | 12 910 369 | 100.00%   | 12 266 201 |
| <u>Exchange Receivables</u>     |           |            |           |            |
| Electricity                     | 39.90%    | 17 751 185 | 35.01%    | 16 927 578 |
| Water                           | 11.81%    | 5 251 522  | 11.99%    | 5 798 032  |
| Refuse                          | 6.78%     | 3 016 454  | 5.81%     | 2 811 464  |
| Sewerage                        | 8.63%     | 3 838 384  | 7.41%     | 3 580 952  |
| Other                           | 32.88%    | 14 627 494 | 39.78%    | 19 232 740 |
|                                 | 100.00%   | 44 485 037 | 100.00%   | 48 350 767 |

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 22 and 23 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of Trade Receivables as follows:

|                                 | 2013<br>% | 2013<br>R  | 2012<br>% | 2012<br>%  |
|---------------------------------|-----------|------------|-----------|------------|
| <u>Non-Exchange Receivables</u> |           |            |           |            |
| Rates and other receivables     | 100.00%   | 9 280 550  | 100.00%   | 8 303 896  |
| <u>Exchange Receivables</u>     |           |            |           |            |
| Electricity                     | 26.01%    | 3 427 705  | 26.18%    | 3 617 461  |
| Water                           | 24.01%    | 3 162 953  | 25.93%    | 3 582 573  |
| Refuse                          | 15.66%    | 2 062 827  | 14.32%    | 1 978 608  |
| Sewerage                        | 20.32%    | 2 676 799  | 18.62%    | 2 573 144  |
| Other                           | 14.01%    | 1 845 660  | 14.94%    | 2 064 745  |
|                                 | 100.00%   | 13 175 944 | 100%      | 13 816 530 |

## FINANCIAL RISK MANAGEMENT (CONTINUE)

|   | 2013<br>% | 2013<br>R | 2012<br>% | 2012<br>% |
|---|-----------|-----------|-----------|-----------|
| Bad debts written off per debtor class: |           |           |           |           |
| <u>Non-Exchange Receivables</u>         |           |           |           |           |
| Rates                                   | 100.00%   | -         | 100.00%   | -         |
| <u>Exchange Receivables</u>             |           |           |           |           |
| Electricity                             | 39.90%    | 2 634 057 | 35.01%    | 509 158   |
| Water                                   | 11.81%    | 779 261   | 11.99%    | 174 397   |
| Refuse                                  | 6.78%     | 447 605   | 5.81%     | 84 565    |
| Sewerage                                | 8.63%     | 569 569   | 7.41%     | 107 710   |
| Other                                   | 32.88%    | 2 170 540 | 39.78%    | 578 494   |
|   | 100.00%   | 6 601 032 | 100.00%   | 1 454 324 |

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Trade Receivables are individually evaluated annually at Balance Sheet date for impairment.

|   | 2013<br>R   | 2012<br>R   |
|---|-------------|-------------|
| Financial assets exposed to credit risk at year end are as follows: |             |             |
| Long term receivables   | 4 948 362   | 4 539 273   |
| Receivables from exchange transactions                              | 31 309 093  | 34 534 238  |
| Receivables from non-exchange transactions                          | 5 666 330   | 5 372 946   |
| Cash and Cash Equivalents   | 71 282 129  | 73 915 183  |
| Non-Current Investments   | 90 617      | 51 549      |
| Unpaid conditional grants and subsidies                             | 250 000     | 0           |
|   | 113 546 532 | 118 413 189 |

## (e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|  | Less than 1 year | Between 1 and 5<br>years | Between 5 and<br>10 years | Over 10 Years |
|--|------------------|--------------------------|---------------------------|---------------|
| <b>2013</b>  |                  |                          |                           |               |
| Long Term liabilities                              | 7 464 137        | 27 142 579               | 19 674 542                | -             |
| Capital repayments                                 | 23 034 966       | 19 605 632               | 17 107 541                | -             |
| Interest   | 3 137 364        | 7 536 947                | 2 567 001                 | -             |
| Trade and Other Payables                           | 36 689 717       | -                        | -                         | -             |
| Unspent conditional government grants and receipts | 9 661 673        | -                        | -                         | -             |
| Cash and Cash Equivalents                          | -                | -                        | -                         | -             |
|  | 53 815 527       | 27 142 579               | 19 674 542                | -             |

49 FINANCIAL RISK MANAGEMENT (CONTINUE)

| 2012   | Less than 1 year  | Between 1 and 5 years | Between 5 and 10 years | Over 10 Years    |
|--|-------------------|-----------------------|------------------------|------------------|
| Long Term liabilities                              | 7 073 896         | 24 771 975            | 19 428 201             | 9 289 032        |
| Capital repayments                                 | 3 481 455         | 12 371 075            | 13 633 003             | 9 063 319        |
| Interest   | 3 592 441         | 12 400 900            | 5 795 198              | 225 713          |
| Trade and Other Payables                           | 30 501 299        | -                     | -                      | -                |
| Unspent conditional government grants and receipts | 6 989 484         | -                     | -                      | -                |
| Cash and Cash Equivalents                          | -                 | -                     | -                      | -                |
|  | <u>44 564 679</u> | <u>24 771 975</u>     | <u>19 428 201</u>      | <u>9 289 032</u> |

50 FINANCIAL INSTRUMENTS

2013  
R

2012  
R

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

50.1 Financial Assets

Classification

Investments

|                |   |   |   |
|----------------|---|---|---|
| Fixed Deposits | Financial instruments at amortised cost | - | - |
|----------------|---|---|---|

Long-term Receivables

|   |  |            |           |
|---|--|------------|-----------|
| Provincial Government Housing Loans - At amortised cost |  | 3 137 775  | 3 053 281 |
| Staff Study loans - At amortised cost                   |  | 35 144     | 35 144    |
| Services connections - At amortised cost                |  | 510 299    | 697 492   |
| Land Sales - At amortised cost                          |  | 1 146 492  | 626 775   |
| Short-term Installments                                 |  | 118 653    | 126 582   |
| Agreements with Consumer Debtors                        |  | 12 370 617 | 9 742 612 |

Receivables

|  |   |            |            |
|--|---|------------|------------|
| Receivables from exchange transactions     | Financial instruments at amortised cost | 31 309 093 | 34 534 238 |
| Receivables from non-exchange transactions | Financial instruments at amortised cost | 5 666 330  | 5 372 946  |

Other Receivables

|                                 |   |         |   |
|---------------------------------|---|---------|---|
| Government Subsidies and Grants | Financial instruments at amortised cost | 250 000 | 0 |
|---------------------------------|---|---------|---|

Short-term Investment Deposits

|               |   |            |            |
|---------------|---|------------|------------|
| Call Deposits | Financial instruments at amortised cost | 60 000 000 | 70 000 000 |
|---------------|---|------------|------------|

Bank Balances and Cash

|                          |   |                    |                    |
|--------------------------|---|--------------------|--------------------|
| Bank Balances            | Financial instruments at amortised cost | 11 274 412         | 3 906 756          |
| Cash Floats and Advances | Financial instruments at amortised cost | 7 717              | 8 427              |
|                          |   | <u>125 826 531</u> | <u>128 104 252</u> |

SUMMARY OF FINANCIAL ASSETS

|   |                    |                    |
|---|--------------------|--------------------|
| Financial instruments at amortised cost | 125 826 531        | 128 104 252        |
| At amortised cost                       | <u>125 826 531</u> | <u>128 104 252</u> |

|      |   |   |                   |                   |
|------|---|---|-------------------|-------------------|
| 50   | FINANCIAL INSTRUMENTS (CONTINUE)                |   | 2013              | 2012              |
| 50.2 | <u>Financial Liability</u>                      | <u>Classification</u>                   |                   |                   |
|      | <b>Long-term Liabilities</b>                    |   |                   |                   |
|      | Annuity Loans                                   | Financial instruments at amortised cost | 31 437 401        | 35 014 133        |
|      | Capitalised Lease Liability                     | Financial instruments at amortised cost | 1 610 618         | 0                 |
|      | <b>Payables from exchange transactions</b>      |   |                   |                   |
|      | Trade Payables                                  | Financial instruments at amortised cost | 34 299 760        | 28 256 086        |
|      | Retentions and Guarantees                       | Financial instruments at amortised cost | 985 696           | 534 524           |
|      | Sundry Deposits                                 | Financial instruments at amortised cost | 2 335 404         | 2 203 439         |
|      | Sundry Creditors                                | Financial instruments at amortised cost | 54 553            | 41 773            |
|      | <b>Other Payables</b>                           |   |                   |                   |
|      | Government Subsidies and Grants                 | Financial instruments at amortised cost | -                 | 6 989 484         |
|      | <b>Current Portion of Long-term Liabilities</b> |   |                   |                   |
|      | Annuity Loans                                   | Financial instruments at amortised cost | 3 522 662         | 3 469 166         |
|      | Capitalised Lease Liability                     | Financial instruments at amortised cost | 720 019           | 12 288            |
|      |   |   | <b>74 966 113</b> | <b>76 520 894</b> |
|      | <b>SUMMARY OF FINANCIAL LIABILITY</b>           |   |                   |                   |
|      | Financial instruments at amortised cost         |   | <b>74 966 113</b> | <b>76 520 894</b> |

51 EVENTS AFTER THE REPORTING DATE

2013

2012

On the 7th of August 2012 the municipality suffered flood damage which caused damage to the Sewerage and Electricity Infrastructure.

**1 584 364**

52 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

53 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

54 CONTINGENT LIABILITY

2013

There is a dispute between the Independent Municipal Allied Trade Union and the South African Local Government Association over the implementation of the TASK wage curve, which if the union is successful in the application will result in a back pay to employees. The matter is currently under review in the Labour Court.

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

**CONTINGENT ASSET**

2013

2012

**2012**

On 13 June 2012 the municipality suffered losses and damage to property as a result of a public protest that was lead by the South African National Civics Organisation. The municipality instituted legal action against the South African National Civics Organisation. The value of the claim as at 30 June 2012 was R 5 524 971.

**5 524 970**

**55 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**55.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

**55.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

**55.3 Other related party transactions**

No purchases were made during the year where Councillors or staff have an interest.

APPENDIX A - Unaudited  
 LANGEBOERG MUNICIPALITY  
 SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

| EXTERNAL LOANS                       | Rate   | Loan Number         | Redeemable | Balance at 30 JUNE 2012 | Correction | Balance at 30 JUNE 2012 Restated | Received during the period | Adjustments    | Interest portion payable at period end | Redeemed or written off during the period | Balance at 30 JUNE 2013 |
|--------------------------------------|--------|---------------------|------------|-------------------------|------------|----------------------------------|----------------------------|----------------|--|---|-------------------------|
| <b>ANNUITY LOANS</b>                 |        |                     |            |                         |            |                                  |                            |                |  |   |                         |
| DBSA                                 | 10.00% | 10287/102           | 31/03/2016 | 106 975                 | -          | 106 975                          | -                          | 2 610          | 2 052                                  | 22 398                                    | 84 018                  |
| DBSA                                 | 12.00% | 10287/202           | 30/09/2015 | 15 609                  | -          | 15 609                           | -                          | 455            | 344                                    | 3 718                                     | 11 780                  |
| DBSA                                 | 15.00% | 10422/102           | 31/03/2018 | 546 795                 | -          | 546 795                          | -                          | 19 765         | 17 547                                 | 59 325                                    | 485 251                 |
| DBSA                                 | 14.00% | 10422/203           | 30/09/2018 | 327 855                 | -          | 327 855                          | -                          | 11 086         | 9 950                                  | 32 545                                    | 294 174                 |
| DBSA                                 | 16.00% | 11124/103           | 30/06/2019 | 1 266 076               | -          | 1 266 076                        | -                          |                |  | 108 750                                   | 1 157 326               |
| DBSA                                 | 16.50% | 11174/102           | 31/12/2018 | 424 104                 | -          | 424 104                          | -                          |                |  | 40 422                                    | 383 683                 |
| DBSA                                 | 15.75% | 11192/101           | 31/12/2018 | 3 587 063               | -          | 3 587 063                        | -                          |                |  | 349 746                                   | 3 237 316               |
| DBSA (Loan Fund)                     | 13.22% | 11328/101           | 30/06/2014 | 22 357                  | -          | 22 357                           | -                          |                |  | 10 463                                    | 11 894                  |
| DBSA (Public Debt Commissioner)      | 13.30% | 12349/101           | 31/12/2012 | 42 522                  | -          | 42 522                           | -                          |                |  | 42 522                                    | 0                       |
| DBSA (Public Debt Commissioner)      | 13.75% | 12350/101           | 30/06/2014 | 237 828                 | -          | 237 828                          | -                          |                |  | 111 006                                   | 126 822                 |
| DBSA                                 | 16.50% | 13341/102           | 31/12/2019 | 3 025 175               | -          | 3 025 175                        | -                          |                |  | 227 557                                   | 2 797 618               |
| DBSA                                 | 7.00%  | 13452/102           | 30/06/2020 | 920 495                 | -          | 920 495                          | -                          |                |  | 115 062                                   | 805 433                 |
| DBSA                                 | 7.00%  | 13452/301           | 31/12/2019 | 1 161 264               | -          | 1 161 264                        | -                          | (0)            |  | 154 835                                   | 1 006 429               |
| DBSA                                 | 8.20%  | 13586/101           | 31/12/2020 | 395 331                 | -          | 395 331                          | -                          | (0)            |  | 46 510                                    | 348 822                 |
| DBSA                                 | 7.73%  | 13760/101           | 31/12/2020 | 1 799 110               | -          | 1 799 110                        | -                          |                |  | 211 660                                   | 1 587 450               |
| DBSA                                 | 7.73%  | 99999/1             | 31/12/2024 | 799 783                 | -          | 799 783                          | -                          |                |  | 63 983                                    | 735 800                 |
| Cogmansloof Irrigation Board (C B R) |        | E 83                | 31/07/2017 | -                       | -          | -                                | -                          |                |  | -   | -                       |
| Pensionfund                          | 15.10% | E39                 | 31/12/2012 | 324 920                 | -          | 324 920                          | -                          | -              |  | 324 920                                   | (0)                     |
| ABSA Bank                            | 15.25% | 209/12              | 31/12/2012 | 2 961                   | -          | 2 961                            | -                          |                |  | 2 961                                     | (0)                     |
| DBSA                                 | 6.71%  | 102290/1            | 31/03/2027 | 23 477 077              | -          | 23 477 077                       | -                          | 413 828        | 360 547                                | 1 537 550                                 | 21 886 246              |
| <b>Total Annuity Loans</b>           |        |                     |            | <b>38 483 299</b>       | <b>-</b>   | <b>38 483 299</b>                | <b>-</b>                   | <b>447 744</b> | <b>390 440</b>                         | <b>3 465 932</b>                          | <b>34 960 062</b>       |
| <b>LEASE LIABILITY</b>               |        |                     |            |                         |            |                                  |                            |                |  |   |                         |
| NASHUA                               | 10.00% | L 6806360527        | 30/06/2013 | 6 199                   |            | 6 199                            |                            |                |  | 6 199                                     | (0)                     |
| NASHUA                               | 10.00% | V 4499204844        | 28/02/2013 | 3 045                   |            | 3 045                            |                            |                |  | 3 045                                     | 0                       |
| NASHUA                               | 10.00% | V 4499204836        | 28/02/2013 | 3 045                   |            | 3 045                            |                            |                |  | 3 045                                     | 0                       |
| MINOLTA                              | 10.50% | B283 - F041011906   | 30/11/2015 | -                       |            | -                                | 31 075                     |                |  | 5 304                                     | 25 770                  |
| MINOLTA                              | 10.50% | B283 - F041015012   | 30/11/2015 | -                       |            | -                                | 31 075                     |                |  | 5 304                                     | 25 770                  |
| MINOLTA                              | 10.50% | B223 - G041101050   | 31/03/2016 | -                       |            | -                                | 31 998                     |                |  | 2 300                                     | 29 698                  |
| XEROX                                | 15.00% | WC5330 - 3322715985 | 25/07/2015 | -                       |            | -                                | 67 358                     |                |  | 17 489                                    | 49 584                  |
| XEROX                                | 8.50%  | WC7535 - 3906110325 | 04/12/2015 | -                       |            | -                                | 71 751                     | 285            | 1 588                                  | 10 729                                    | 59 434                  |
| XEROX                                | 8.50%  | CQ9303 - 3661801750 | 25/03/2016 | -                       |            | -                                | 173 438                    | 723            |  | 12 830                                    | 159 885                 |
| XEROX                                | 8.50%  | CQ9303 - 3661794673 | 25/03/2016 | -                       |            | -                                | 173 438                    | 723            |  | 12 830                                    | 159 885                 |
| TASKalfa (Black)                     | 14.50% | N493215179          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215430          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492213192          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215409          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492213124          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215435          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492Y12198          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493214896          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493113657          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492Y12209          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215170          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215209          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492Y12204          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492Y12189          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215219          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215400          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215388          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493113664          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492213169          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215003          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493214906          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N493215361          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Black)                     | 14.50% | N492213140          | 25/06/2016 | -                       |            | -                                | 62 498                     |                |  | -   | 62 498                  |
| TASKalfa (Colour)                    | 14.50% | N2K3205727          | 25/06/2016 | -                       |            | -                                | 127 717                    |                |  | -   | 127 717                 |
| TASKalfa (Colour)                    | 14.50% | N2K2803951          | 25/06/2016 | -                       |            | -                                | 127 717                    |                |  | -   | 127 717                 |
| TASKalfa (Colour)                    | 14.50% | N2K2705329          | 25/06/2016 | -                       |            | -                                | 127 717                    |                |  | -   | 127 717                 |
| <b>Total Lease Liabilities</b>       |        |                     |            | <b>12 288</b>           | <b>-</b>   | <b>12 288</b>                    | <b>2 400 744</b>           | <b>3 319</b>   | <b>-</b>                               | <b>79 075</b>                             | <b>2 330 637</b>        |
| <b>TOTAL EXTERNAL LOANS</b>          |        |                     |            | <b>38 495 587</b>       | <b>-</b>   | <b>38 495 587</b>                | <b>2 400 744</b>           | <b>451 064</b> | <b>390 440</b>                         | <b>3 545 007</b>                          | <b>37 290 700</b>       |

**APPENDIX B - Unaudited**  
**LANGEBERG MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**MUNICIPAL VOTES CLASSIFICATION**

| 2012<br>Actual<br>Income<br>R | 2012<br>Actual<br>Expenditure<br>R | 2012<br>Surplus/<br>(Deficit)<br>R |                               | 2013<br>Actual<br>Income<br>R | 2013<br>Actual<br>Expenditure<br>R | 2013<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 15 665 496                    | (30 590 270)                       | (14 924 774)                       | Corporate Services            | 15 713 459                    | (31 066 898)                       | (15 353 439)                       |
| 275 129 769                   | (255 367 937)                      | 19 761 832                         | Engineering Services          | 332 382 139                   | (281 385 095)                      | 50 997 044                         |
| 1 760 179                     | (24 125 145)                       | (22 364 966)                       | Executive & Council           | 161 901                       | (22 167 202)                       | (22 005 300)                       |
| 83 521 667                    | (21 185 541)                       | 62 336 124                         | Finance                       | 67 436 366                    | (18 662 313)                       | 48 774 053                         |
| 7 382 339                     | (41 252 477)                       | (33 870 138)                       | Service Intergration          | 19 551 722                    | (34 055 321)                       | (14 503 599)                       |
| 27 266                        | (7 640 696)                        | (7 613 430)                        | Strategy & Social Development | 1 350 833                     | (15 754 889)                       | (14 404 055)                       |
| 383 486 716                   | (380 162 067)                      | 3 324 648                          | Sub Total                     | 436 596 421                   | (403 091 717)                      | 33 504 703                         |
| -                             | -                                  | -                                  |                               | -                             | -                                  | -                                  |
| 383 486 716                   | (380 162 067)                      | 3 324 648                          | <b>Total</b>                  | 436 596 421                   | (403 091 717)                      | 33 504 703                         |
|                               |                                    |                                    |                               |                               |                                    |                                    |

| <b>APPENDIX C - Unaudited</b><br><b>LANGEBERG MUNICIPALITY</b><br><b>SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013</b><br><b>GENERAL FINANCE STATISTIC CLASSIFICATIONS</b> |  |  |                             |   |  |  |
|---|--|--|-----------------------------|---|--|--|
| <b>2012<br/>Actual<br/>Income<br/>R</b>   | <b>2012<br/>Actual<br/>Expenditure<br/>R</b> | <b>2012<br/>Surplus/<br/>(Deficit)<br/>R</b> |                             | <b>2013<br/>Actual<br/>Income<br/>R</b> | <b>2013<br/>Actual<br/>Expenditure<br/>R</b> | <b>2013<br/>Surplus/<br/>(Deficit)<br/>R</b> |
| 2 155 667   | (28 077 584)                                 | (25 921 918)                                 | Executive & Council         | 553 901                                 | (27 295 815)                                 | (26 741 913)                                 |
| 83 521 667  | (21 185 541)                                 | 62 336 124                                   | Budget & Treasury           | 67 436 366                              | (18 662 313)                                 | 48 774 053                                   |
| 1 280 929   | (16 696 047)                                 | (15 415 118)                                 | Corporate Services          | 3 090 827                               | (18 590 144)                                 | (15 499 317)                                 |
| 694 352   | (4 861 999)                                  | (4 167 647)                                  | Planning & Development      | 1 664 082                               | (5 766 514)                                  | (4 102 432)                                  |
| 9 920 281   | (10 949 280)                                 | (1 028 999)                                  | Community & Social Services | 9 306 164                               | (15 184 464)                                 | (5 878 301)                                  |
| 6 074 199   | (19 974 657)                                 | (13 900 458)                                 | Housing                     | 18 169 660                              | (12 817 282)                                 | 5 352 378                                    |
| 5 002 074   | (12 288 007)                                 | (7 285 934)                                  | Public Safety               | 4 365 269                               | (13 359 022)                                 | (8 993 754)                                  |
| 200 502   | (2 222 902)                                  | (2 022 400)                                  | Sport & Recreation          | 214 075                                 | (2 875 811)                                  | (2 661 736)                                  |
| 158 720   | (13 248 804)                                 | (13 090 084)                                 | Environmental Protection    | 139 285                                 | (12 087 103)                                 | (11 947 818)                                 |
| 13 783 887  | (19 013 791)                                 | (5 229 904)                                  | Waste Management            | 23 695 086                              | (22 530 425)                                 | 1 164 662                                    |
| 17 482 632  | (11 144 363)                                 | 6 338 269                                    | Waste Water Management      | 35 298 496                              | (11 305 162)                                 | 23 993 333                                   |
| 202 026   | (14 184 491)                                 | (13 982 465)                                 | Road Transport              | 1 024 174                               | (14 675 395)                                 | (13 651 221)                                 |
| 28 459 720  | (27 807 118)                                 | 652 602                                      | Water                       | 35 056 931                              | (29 113 921)                                 | 5 943 009                                    |
| 214 550 061   | (178 507 482)                                | 36 042 579                                   | Electricity                 | 236 582 105                             | (198 828 345)                                | 37 753 760                                   |
|   |  |  |                             |   |  | -  |
| <b>383 486 716</b>  | <b>(380 162 067)</b>                         | <b>3 324 648</b>                             | <b>Total</b>                | <b>436 596 421</b>                      | <b>(403 091 717)</b>                         | <b>33 504 703</b>                            |
|   |  |  |                             |   |  |  |

**APPENDIX D - Unaudited**  
**LANGE BERG MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**  
**Restated**

| UNSPENT AND UNPAID<br>GOVERNMENT GRANTS AND RECEIPTS | 30 JUNE 2012     | Prior Period<br>Error | 30 JUNE 2012     | Grants<br>Received | Write Offs /<br>Transfers | Operating<br>expenditure<br>during the year<br>Transferred to<br>revenue | Capital<br>expenditure<br>during the year<br>Transferred to<br>revenue | Balance<br>30 JUNE 2013 |
|--|------------------|-----------------------|------------------|--------------------|---------------------------|--|--|-------------------------|
|  | R                | R                     |                  | R                  | R                         | R  | R  | R                       |
| <b><u>National Government Grants</u></b>             |                  |                       |                  |                    |                           |  |  |                         |
| MSIG   | 0                | -                     | 0                | 800 000            | -                         | 414 035  | 385 965  | 0                       |
| Zolani Taxi Rank                                     | 231 300          | -                     | 231 300          | -                  | -231 300                  | -  | -  | -0                      |
| Masterplans  | 54 386           | -                     | 54 386           | -                  | -                         | -  | -  | 54 386                  |
| MIG  | 802 213          | -                     | 802 213          | 18 376 000         | -                         | 2 350 462  | 16 827 752   | -0                      |
| Equitable Share                                      | -                | -                     | -                | 51 048 000         | 231 300                   | 51 279 300   | -  | -                       |
| FMG  | 0                | -                     | 0                | 1 250 000          | -                         | 1 250 000  | -  | 0                       |
| INEP   | 632 422          | -                     | 632 422          | 500 000            | -                         | 189 161  | 1 193 261  | -250 000                |
| EPWP   | -                | -                     | -                | 1 000 000          | -                         | 964 868  | -  | 35 132                  |
| Emergency Relief Flood Damage                        | -                | -                     | -                | 1 570 000          | -                         | 184 618  | 1 318 703  | 66 679                  |
| <b><u>Provincial Government Grants</u></b>           |                  |                       |                  |                    |                           |  |  |                         |
| Library services                                     | -0               | -                     | -0               | 9 111 000          | 11 051                    | 4 435 266  | 3 135 429  | 1 551 356               |
| Main roads   | -                | -                     | -                | 187 000            | -                         | 187 000  | -  | -                       |
| Masakhane  | 353 117          | -                     | 353 117          | -                  | -                         | -  | -  | 353 117                 |
| Housing Consumer Education                           | 289 005          | -197 755              | 91 250           | -                  | -                         | 82 669   | -  | 8 581                   |
| Housing Emergency Grant                              | -                | 197 755               | 197 755          | -                  | -                         | -  | -  | 197 755                 |
| Job creation   | 128 050          | -                     | 128 050          | -                  | -                         | -  | -  | 128 050                 |
| Social Development                                   | -0               | -                     | -0               | -                  | -                         | -  | -  | -0                      |
| Housing Home Sanitation                              | 167 671          | -                     | 167 671          | -                  | -                         | -  | -  | 167 671                 |
| Housing  | 17 903           | -                     | 17 903           | -                  | -                         | -  | -  | 17 903                  |
| Dept Water Affairs                                   | 140 000          | -                     | 140 000          | -                  | -                         | -  | -  | 140 000                 |
| Training   | 313 203          | -                     | 313 203          | 625 394            | -                         | -  | -  | 938 596                 |
| Housing  | 1 840 157        | -                     | 1 840 157        | 15 530 301         | -                         | 16 798 456   | 395 226  | 176 777                 |
| CDW Operational Support Grant                        | -                | -                     | -                | 32 000             | -                         | 32 000   | -  | -                       |
| Public Transport Infrastructure                      | 1 000 000        | -                     | 1 000 000        | -                  | -                         | -  | 825 244  | 174 756                 |
| Thusong Service Centre Operational Support Grant     | -                | -                     | -                | 218 000            | -                         | 218 000  | -  | -                       |
| Acceleration of Housing Delivery                     | -                | -                     | -                | 5 000 000          | -                         | 45 333   | 323 810  | 4 630 856               |
| <b><u>District Municipality Grants</u></b>           |                  |                       |                  |                    |                           |  |  |                         |
| ID Documents   | 33 260           | -                     | 33 260           | -                  | -                         | -  | -  | 33 260                  |
| Route 62 projects                                    | 37 377           | -                     | 37 377           | -                  | -                         | -  | -  | 37 377                  |
| PIMS   | 56 147           | -                     | 56 147           | -                  | -                         | -  | -  | 56 147                  |
| Pre-paid Watermeters                                 | 108 527          | -                     | 108 527          | -                  | -                         | -  | -  | 108 527                 |
| Ward Committees                                      | 150 000          | -                     | 150 000          | -                  | -                         | -  | -  | 150 000                 |
| PIMS   | 17 560           | -                     | 17 560           | -                  | -                         | -  | -  | 17 560                  |
| McGregor Dam   | 25 000           | -                     | 25 000           | -                  | -                         | -  | -  | 25 000                  |
| Bakery Project                                       | 218 371          | -                     | 218 371          | -                  | -                         | -  | -  | 218 371                 |
| Landfil site   | 332 400          | -                     | 332 400          | -                  | -                         | -  | -  | 332 400                 |
| Tarring of Streets                                   | -                | -                     | -                | -                  | -                         | -  | -  | -                       |
| Cleanest Town  | 41 416           | -                     | 41 416           | -                  | -                         | -  | -  | 41 416                  |
| <b>Total</b>   | <b>6 989 484</b> | <b>-</b>              | <b>6 989 484</b> | <b>105 247 695</b> | <b>11 051</b>             | <b>78 431 168</b>  | <b>24 405 390</b>  | <b>9 411 673</b>        |